

California Department of Alcoholic Beverage Control



2018 Chaptered Legislation

Code Section Changes by Bill Number

- 1. Assembly Bill No. 1217 – (Santiago) - Alcoholic beverage licenses: historic cemetery.**
Amends Section 23039 to add Section 24045.76 to, the Business and Professions Code, relating to alcoholic beverages.
- 2. Assembly Bill No. 1890 – (Levine) - Alcoholic beverage licensees: craft distillers, winegrowers, and beer manufacturers.**
Amends Section 25607 of the Business and Professions Code, relating to alcoholic beverages.
- 3. Assembly Bill No. 1891 – (Levine) - Alcoholic beverage licensees: instructional tastings: craft distillers**
Amends Sections 25503.56 and 25503.57 of the Business and Professions Code, relating to alcoholic beverages.
- 4. Assembly Bill No. 1986 – (Cunningham) - Craft distillers: alcoholic beverage licensees: donations**
Amends Section 25503.9 of the Business and Professions Code, relating to alcoholic beverages.
- 5. Assembly Bill No. 2000 – (Kalra) - Alcoholic beverages: tied-house restrictions: advertising**
Amends Sections 25503.6 and 25503.8 of the Business and Professions Code, relating to alcoholic beverages.
- 6. Assembly Bill No. 2146 – (Gloria) - Alcoholic beverages: tied-house restrictions: advertising.**
Amends Section 25503.6 of the Business and Professions Code, relating to alcoholic beverages.
- 7. Assembly Bill No. 2452– (Aguiar-Curry) -Alcoholic beverages: tied-house restrictions.**
Amends Sections 25503.4, 25503.56, and 25503.57 of the Business and Professions Code, relating to alcoholic beverages.
- 8. Assembly Bill No. 2469 – (Berman) - Alcoholic beverages: beer wholesalers: beer sales.**
Amends Section 23378.05 of the Business and Professions Code, relating to alcoholic beverages.

- 9. Assembly Bill No. 2914 – (Cooley) - Cannabis in alcoholic beverages.**
Amends Sections 25621.5 and 26070.2 to the Business and Professions Code, relating to cannabis.
- 10. Assembly Bill No. 3264 – (Committee on Governmental Organization) - Alcoholic beverages: licensees.**
Amends Section 25503.51, and amend Sections 24049.5 and 25600 of, the Business and Professions Code, relating to alcoholic beverages.
- 11. Senate Bill No. 973 – (Dodd) - Alcoholic beverages: annual license fees: surcharge: distilled spirits manufacturers: free or discounted rides.**
Amends Sections 23320.5 and 25600 of the Business and Professions Code, relating to alcoholic beverages.
- 12. Senate Bill No. 1164 (Skinner) - Craft distillers.**
Amends Sections 23363.1, 23502, 23504, 23771, 25173, 25503.3, 25503.5, 25503.56 and 25503.9 of the Business and Professions Code, relating to alcoholic beverages.
- 13. Senate Bill No. 1283 – (Bradford) - Brewpub-restaurant licensees: beer sales.**
Amends Section 23396.3 of the Business and Professions Code, relating to alcoholic beverages.
- 14. Senate Bill No. 1503 – (Committee on Governmental Organization) - Alcoholic beverages: licensees.**
Amends Sections 23800 and 23803 of the Business and Professions Code, relating to alcoholic beverages.

Summary of 2018 Code Section Changes

The following is a summary of changes made to the ABC Act during the 2017 legislative session. Attached is the revised language for each amended or added section.

Business & Professions Code (BPC) Section	Bill Number (Author)	Page	Subject
<u>23039, 24045.76</u>	AB 1217 (Santiago)	5	Alcoholic beverage licenses: historic cemetery.
<u>23320.5, 25600</u>	SB 973 (Dodd)	63	Alcoholic beverages: annual license fees: surcharge: distilled spirits manufacturers: free or discounted rides.
<u>23363.1, 23502, 23504, 23771, 25173, 25503.3, 25503.5, 25503.56 and 25503.9</u>	SB 1164 (Skinner)	68	Craft distillers.
<u>23378.05</u>	AB 2469 (Berman)	55	Alcoholic beverages: beer wholesalers: beer sales.
<u>23396.3</u>	SB 1283 (Bradford)	86	Brewpub-restaurant licensees: beer sales.
<u>23800, 23803</u>	SB 1503 (Senate G.O. Committee)	88	Alcoholic beverages: licensees
<u>2404.95, 25503.51, 25600</u>	AB 3264 (Assembly G.O. Committee)	57	Alcoholic beverages: licensees
<u>25503.4, 25503.56, 25503.57</u>	AB 2452 (Aguiar-Curry)	41	Alcoholic beverages: tied-house restrictions.
<u>25503.56, 25503.57</u>	AB 1891 (Levine)	8	Alcoholic beverage licensees: instructional tastings: craft distillers
<u>25503.6,</u>	AB 2146 (Gloria)	33	Alcoholic beverages: tied-house restrictions: advertising.
<u>25503.9</u>	AB 1986 (Cunningham)	19	Craft distillers: alcoholic beverage licensees: donations
<u>25503.8, 25503.6</u>	AB 2000 (Kalra)	23	Alcoholic beverages: tied-house restrictions: advertising
<u>25607</u>	AB 1890 (Levine)	6	Alcoholic beverage licensees: craft distillers, winegrowers, and beer manufacturers.
<u>25621.5, 26070.2</u>	AB 2914 (Cooley)	56	Cannabis in alcoholic beverages.

Assembly Bill No. 1217 - (Santiago), Chapter 474, Statutes of 2018 - Alcoholic beverage licenses: historic cemetery.

An act to amend Section 23039 of, and to add Section 24045.76 to, the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill authorizes the department to issue a special on-sale general license to the operator of a for-profit cemetery with specified characteristics; including, it be more than 100 years old, be located in, be designated a Historic-Cultural Monument by the City of Los Angeles, and have an endowment care fund and a memorial care fund that are exempt from the payment of income taxes. The bill would prescribe requirements for issuing the license and the provision of beverages pursuant the license. By expanding the definition of a crime, this bill would impose a state-mandated local program. The bill would also make conforming and technical changes.

This bill makes legislative findings and declarations as to the necessity of a special statute for the City of Los Angeles.

SECTION 1.

Section 23039 of the Business and Professions Code is amended to read:

23039.

(a) "Public premises" means:

(1) Premises licensed with any type of license other than an on-sale beer license, and maintained and operated for the selling or serving of alcoholic beverages to the public for consumption on the premises, and in which food shall not be sold or served to the public as in a bona fide public eating place, but upon which premises food products may be sold or served incidentally to the sale or service of alcoholic beverages, in accordance with rules prescribed by the department.

(2) Premises licensed with an on-sale beer license, in which food shall not be sold or served to the public as in a bona fide public eating place, and in which sandwiches, salads, desserts, and similar short orders shall not be sold and served, in accordance with rules prescribed by the department.

(b) "Public premises" does not include any of the following:

(1) Railroad dining or club cars, passenger ships, airplanes, or bona fide clubs after the clubs have been lawfully operated for not less than one year.

(2) Historic units of the state park system.

(3) Premises being operated under a temporary on-sale beer license other than permitted pursuant to Section 24045.5, or on-sale beer licensed stadia, auditoria, fairgrounds, or racetracks.

(4) Nonprofit theater companies licensed pursuant to Section 24045.7.

- (5) Theaters licensed pursuant to Section 24045.75.
- (6) Cemeteries licensed pursuant to Section 24045.76.
- (7) Winegrowers' premises.

SEC. 2.

Section 24045.76 is added to the Business and Professions Code, to read:

24045.76.

(a) The department may issue a special on-sale general license to the operator of any for-profit cemetery that is more than 100 years old, on the National Register of Historic Places, is located in, and designated an Historic-Cultural Monument by, the City of Los Angeles, and holds both an endowment care fund and a memorial care fund that are exempt from the payment of income taxes under Section 501(c)(13) of the Internal Revenue Code.

(b) The special on-sale general license shall permit sales, service, and consumption of beer, wine, and distilled spirits on the licensed premises. Any special on-sale general license issued pursuant to this section shall not be subject to the limitations provided by Section 23816 and shall not be required to be operated as a bona fide public eating place.

(c) A special on-sale general license described by this section shall not be issued until any existing licenses issued by the department to the operator for the premises of the for-profit cemetery are canceled.

(d) (1) The fee for the original special on-sale general license shall be the same as that specified in Section 23954.5 for an original on-sale general license.

(2) The annual license fee for the special on-sale general license shall be the same of that for an on-sale general license.

SEC. 3.

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique nature of the cemetery as promoting the long-term preservation of the premises as a hub of social, cultural, and community activity in the City of Los Angeles.

SEC. 4.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Assembly Bill No. 1890 -- (Levine) Chapter 293, Statutes of 2018 - Alcoholic beverage licensees: craft distillers, winegrowers, and beer manufacturers.

An act to amend Section 25607 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill allows a licensed craft distiller, licensed winegrower, and licensed beer manufacturer, in any combination, to, with the approval of the department, share a common licensed area where the consumption of alcoholic beverages is permitted if the licensed premises of production are immediately adjacent to each other, are not branch offices, and only under specified circumstances.

SECTION 1.

Section 25607 of the Business and Professions Code is amended to read:

25607.

(a) Except as provided in subdivisions (b) and (c), it is unlawful for any person or licensee to have upon any premises for which a license has been issued any alcoholic beverages other than the alcoholic beverage which the licensee is authorized to sell at the premises under his or her license. It shall be presumed that all alcoholic beverages found or located upon premises for which licenses have been issued belong to the person or persons to whom the licenses were issued. Every person violating the provisions of this section is guilty of a misdemeanor. The department may seize any alcoholic beverages found in violation of this section.

(b) Except as provided in subdivision (c), a bona fide public eating place for which an on-sale beer and wine license has been issued may have upon the premises brandy, rum, or liqueurs for use solely for cooking purposes.

(c) (1) A licensed winegrower, licensed beer manufacturer that holds a small beer manufacturer's license, and a licensed craft distiller, in any combination, whose licensed premises of production are immediately adjacent to each other and which are not branch offices, may, with the approval of the department and under such conditions as the department may require, share a common licensed area in which the consumption of alcoholic beverages is permitted, only under all of the following circumstances:

(A) The shared common licensed area is adjacent and contiguous to the licensed premises of the licensees.

(B) The licensed premises of the licensees are not branch offices.

(C) The shared common licensed area shall be readily accessible from the premises of the licensees without the necessity of using a public street, alley, or sidewalk.

(D) Except as otherwise authorized by this division, the alcoholic beverages that may be consumed in the shared common licensed area shall be purchased by the consumer only from the licensed winegrower, the licensed beer manufacturer, or the licensed craft distiller.

(E) The licensed winegrower, the licensed beer manufacturer, and the licensed craft distiller shall be jointly responsible for compliance with the provisions of this division and for any violations that may occur within the shared common licensed area.

(2) Nothing in this subdivision is intended to authorize the licensed winegrower, the licensed beer manufacturer, or the licensed craft distiller to sell, furnish, give, or have upon their respective licensed premises any alcoholic beverages, or to engage in any other activity, not otherwise authorized by this division, including, without limitation, the consumption on the premises of any distilled spirits purchased by consumers for consumption off the premises pursuant to Section 23504 or the consumption of distilled spirits other than as permitted by Section 23363.1.

Assembly Bill No. 1891 – (Levine) Chapter 273, Statutes of 2018- Alcoholic beverage licensees: instructional tastings: craft distillers

An act to amend Sections 25503.56 and 25503.57 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill adds craft distillers to the list of licensees authorized to: 1) conduct an instructional tasting event at an off-sale retailer's premises; and 2) instruct consumers at on-sale retail licensed premises on the history, nature, values, and characteristics of their distilled spirits. This bill also makes changes to Sections 25503.56 and 25503.57 of the Business and Professions Code proposed by AB 2452 to be operative only if this bill and AB 2452 are enacted and this bill is enacted last.

SECTION 1.

Section 25503.56 of the Business and Professions Code is amended to read:

25503.56.

(a) An authorized licensee, or a designated representative of an authorized licensee acting as an agent of the authorized licensee, may conduct, on the area specified by paragraph (1) of subdivision (c) of Section 23396.6, an instructional tasting event for consumers on the subject of wine, beer, or distilled spirits, including, but not limited to, the history, nature, values, and characteristics of wine, beer, or distilled spirits, and the methods of presenting and serving wine, beer, or distilled spirits.

(1) (A) Except as provided in subparagraph (B), the instructional tasting event may include the serving of alcoholic beverages to an attendee of legal drinking age. An instructional tasting event on the subject of wine or distilled spirits shall be limited to not more than three tastings per person per day. A single tasting of distilled spirits shall not exceed one-fourth of one ounce and a single tasting of wine shall not exceed one ounce. An instructional tasting event on the subject of beer shall be limited to not more than the tasting of eight ounces of beer per person per day. The wine, beer, or distilled spirits tasted shall be limited to the products that are authorized to be sold by the authorized licensee and the licenseholder under its off-sale license.

(B) A beer and wine wholesaler may conduct an instructional tasting event but shall not serve tastes of beer unless the beer and wine wholesaler also holds a beer manufacturer's license, an out-of-state beer manufacturer's certificate, or more than six distilled spirits wholesaler's licenses.

(C) No charge of any sort shall be made for the tastings. Except for the purposes of Section 23985, the serving of tastings shall not be deemed a sale of products pursuant to this division.

(D) A person under 21 years of age shall not serve wine, beer, or distilled spirits at the instructional tasting event.

(E) All tastes shall be served by an employee of the authorized licensee, the designated representative of the authorized licensee, or by an employee of the designated representative of the authorized licensee.

(F) An authorized licensee, or a designated representative of an authorized licensee, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the licenseholder at the original invoiced cost. An authorized licensee, or a designated representative of an authorized licensee, shall purchase beer to be tasted during the instructional tasting event from the licenseholder at the original invoiced cost.

(G) Any unused wine, beer, or distilled spirits remaining from the tasting shall be removed from the off-sale licensed premises by the authorized licensee or its designated representative.

(2) If the instructional tasting event is conducted by a designated representative of an authorized licensee, the designated representative shall not be owned, controlled, or employed directly or indirectly by the licenseholder on whose premises the instructional tasting event is held.

(3) An instructional tasting event shall be limited to a single type of alcoholic beverage. For purposes of this paragraph, "type of alcoholic beverage" means distilled spirits, wine, or beer.

(b) For purposes of this section:

(1) "Authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, California brandy wholesaler, beer manufacturer, or an out-of-state beer manufacturer certificate holder. "Authorized licensee" shall not include an entity that solely holds a combination of a beer and wine wholesale license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or holds a limited off-sale retail wine license.

(2) "Licenseholder" means an off-sale retail licensee issued an instructional tasting license pursuant to Section 23396.6.

(3) "Location" means the total contiguous area encompassed by the off-sale and on-sale licenses.

(c) Notwithstanding subparagraph (E) of paragraph (1) of subdivision (a), a licenseholder may conduct an instructional tasting event that includes the serving of tastings only when an authorized licensee or its designated representative are unable to conduct an instructional tasting event previously advertised pursuant to this section and scheduled by the authorized licensee or its designated representative, provided that the licenseholder supplies the wine, beer, or distilled spirits used in the instructional tasting event and provides or pays for a person to serve the wine, beer, or distilled spirits. Instructional tasting events conducted by a licenseholder pursuant to this subdivision are subject to the provisions of this section and Section 23396.6.

(d) No more than one authorized licensee, or its designated representative, may conduct an instructional tasting event that includes the serving of tastes of wine, beer, or distilled spirits at any one individual licensed premises of a licenseholder per day.

(e) A licenseholder that also holds an on-sale beer and wine license, an on-sale beer and wine eating place license, or an on-sale general license shall not allow an authorized licensee, or its designated representative, to conduct an instructional tasting event on the same day and at the same location as any instructional tasting event held pursuant to subdivision (b) of Section 23386, Section 25503.4, subdivision (c) of Section 25503.5, or Section 25503.55.

(f) A licenseholder shall not condition the allowance of an instructional tasting event upon the use of a particular designated representative of an authorized licensee.

(g) (1) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the licenseholder upon whose premises the instructional tasting event will be held, may list in an advertisement to the general public the name and address of the licenseholder, the names of the alcoholic beverages being featured at the instructional tasting event, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(A) The advertisement does not contain the retail price of the alcoholic beverages.

(B) The listing of the licenseholder's name and address is the only reference to the licenseholder in the advertisement.

(2) Pictures or illustrations of the licenseholder's licensed premises and laudatory references to the licenseholder in these advertisements are not authorized. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.

(h) A licenseholder may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the licenseholder. Advertising permitted by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.

(i) Except as otherwise provided in this division or rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event that includes tastings of an alcoholic beverage.

(j) The licenseholder or the authorized licensee or its designated representative is authorized to perform setup and breakdown of the instructional tasting event area. The authorized licensee or its designated representative may provide, free of charge to the licenseholder, the equipment, materials, and utensils as may be required for use in connection with the instructional tasting event.

(k) (1) A licenseholder shall not require, or enter into a collusive scheme with, an authorized licensee or its designated representative to conduct one or more instructional tasting events as a condition of the licenseholder's carrying or continuing to carry a brand or brands of the authorized licensee or as a condition for display or other merchandising plan which is based on an agreement to provide shelf space. An authorized licensee or its designated representative shall not require any preferential treatment or benefit from, or enter into a collusive scheme with, a licenseholder as a condition of conducting one or more instructional tasting events, require a licenseholder to carry or continue to carry a brand or brands of the authorized licensee as a condition of conducting one or more instructional tasting events, or condition display or other merchandising plans that are based on agreements for the provision of shelf space on the conducting of one or more instructional tasting events. Any agreement, whether written or oral, entered into by and between a licenseholder and an authorized licensee or its designated representative that precludes the conducting of instructional tasting events on the premises of the licenseholder by any other authorized licensee is prohibited. A licenseholder or authorized licensee, or its designated representative, shall not use an instructional tasting event to circumvent any other requirements of this division.

(2) In addition to any other remedies available under this division, upon a finding by the department of a failure to comply with this subdivision, the department shall suspend the instructional tasting license of the licenseholder and the privilege of the authorized licensee to conduct instructional events for not less than six months but for no more than one year.

(l) The Legislature finds that it is necessary and proper to require a separation between manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exception established by this section to the general prohibition against tied interests must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

SEC. 1.1.

Section 25503.56 of the Business and Professions Code is amended to read:

25503.56.

(a) An authorized licensee, or a designated representative of an authorized licensee acting as an agent of the authorized licensee, may conduct, on the area specified by paragraph (1) of subdivision (c) of Section 23396.6, an instructional tasting event for consumers on the subject of wine, beer, or distilled spirits, including, but not limited to, the history, nature, values, and characteristics of wine, beer, or distilled spirits, and the methods of presenting and serving wine, beer, or distilled spirits.

(1) (A) Except as provided in subparagraph (B), the instructional tasting event may include the serving of alcoholic beverages to an attendee of legal drinking age. An instructional tasting event on the subject of wine or distilled spirits shall be limited to not more than three tastings per person per day. A single tasting of distilled spirits shall not exceed one-fourth of one ounce and a single tasting of wine shall not exceed one ounce. An instructional tasting event on the subject of beer shall be limited to not more than the tasting of eight ounces of beer per person per day. The wine, beer, or distilled spirits tasted shall be limited to the products that are authorized to be sold by the authorized licensee and the licenseholder under its off-sale license.

(B) A beer and wine wholesaler may conduct an instructional tasting event but shall not serve tastes of beer unless the beer and wine wholesaler also holds a beer manufacturer's license, an out-of-state beer manufacturer's certificate, or more than six distilled spirits wholesaler's licenses.

(C) No charge of any sort shall be made for the tastings. Except for the purposes of Section 23985, the serving of tastings shall not be deemed a sale of products pursuant to this division.

(D) A person under 21 years of age shall not serve wine, beer, or distilled spirits at the instructional tasting event.

(E) All tastes shall be served by an employee of the authorized licensee, the designated representative of the authorized licensee, or by an employee of the designated representative of the authorized licensee.

(F) An authorized licensee, or a designated representative of an authorized licensee, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the licenseholder at the original invoiced cost. An authorized licensee, or a designated representative of an authorized licensee, shall purchase beer to be tasted during the instructional tasting event from the licenseholder at the original invoiced cost.

(G) Any unused wine, beer, or distilled spirits remaining from the tasting shall be removed from the off-sale licensed premises by the authorized licensee or its designated representative.

(2) If the instructional tasting event is conducted by a designated representative of an authorized licensee, the designated representative shall not be owned, controlled, or employed directly or indirectly by the licenseholder on whose premises the instructional tasting event is held.

(3) An instructional tasting event shall be limited to a single type of alcoholic beverage. For purposes of this paragraph, "type of alcoholic beverage" means distilled spirits, wine, or beer.

(b) For purposes of this section:

(1) "Authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, California brandy wholesaler, beer manufacturer, or an out-of-state beer manufacturer certificate holder. "Authorized licensee" shall not include an entity that solely holds a combination of a beer and wine wholesale license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or holds a limited off-sale retail wine license.

(2) "Licenseholder" means an off-sale retail licensee issued an instructional tasting license pursuant to Section 23396.6.

(3) "Location" means the total contiguous area encompassed by the off-sale and on-sale licenses.

(c) Notwithstanding subparagraph (E) of paragraph (1) of subdivision (a), a licenseholder may conduct an instructional tasting event that includes the serving of tastings only when an authorized licensee or its designated representative are unable to conduct an instructional tasting event previously advertised pursuant to this section and scheduled by the authorized licensee or its designated representative, provided that the licenseholder supplies the wine, beer, or distilled spirits used in the instructional tasting event and provides or pays for a person to serve the wine, beer, or distilled spirits. Instructional tasting events conducted by a licenseholder pursuant to this subdivision are subject to the provisions of this section and Section 23396.6.

(d) No more than one authorized licensee, or its designated representative, may conduct an instructional tasting event that includes the serving of tastes of wine, beer, or distilled spirits at any one individual licensed premises of a licenseholder per day.

(e) A licenseholder that also holds an on-sale beer and wine license, an on-sale beer and wine eating place license, or an on-sale general license shall not allow an authorized licensee, or its designated representative, to conduct an instructional tasting event on the same day and at the same location as any instructional tasting event held pursuant to subdivision (b) of Section 23386, Section 25503.4, subdivision (c) of Section 25503.5, or Section 25503.55.

(f) A licenseholder shall not condition the allowance of an instructional tasting event upon the use of a particular designated representative of an authorized licensee.

(g) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the licenseholder upon whose premises the instructional tasting event will be held, may list in any advertisement to the general public for the instructional tasting event the name, address, telephone number, email address, Internet Web site address, and any other electronic media of the licenseholder, the names of the alcoholic beverages being featured at the instructional tasting event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(1) The advertisement does not contain the retail price of the alcoholic beverages.

(2) The listing of the licenseholder's name, address, telephone number, email address, Internet Web site address, and any other electronic media in the advertisement is relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the licenseholder in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, illustrations, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all the requirements of this section. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.

(h) A licenseholder may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the licenseholder. Advertising permitted by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.

(i) Except as otherwise provided in this division or rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event that includes tastings of an alcoholic beverage.

(j) The licenseholder or the authorized licensee or its designated representative is authorized to perform setup and breakdown of the instructional tasting event area. The authorized licensee or its designated representative may provide, free of charge to the licenseholder, the equipment, materials, and utensils as may be required for use in connection with the instructional tasting event.

(k) (1) A licenseholder shall not require, or enter into a collusive scheme with, an authorized licensee or its designated representative to conduct one or more instructional tasting events as a condition of the licenseholder's carrying or continuing to carry a brand or brands of the authorized licensee or as a condition for display or other merchandising plan which is based on an agreement to provide shelf space. An authorized licensee or its designated representative shall not require any preferential treatment or benefit from, or enter into a collusive scheme with, a licenseholder as a condition of conducting one or

more instructional tasting events, require a licenseholder to carry or continue to carry a brand or brands of the authorized licensee as a condition of conducting one or more instructional tasting events, or condition display or other merchandising plans that are based on agreements for the provision of shelf space on the conducting of one or more instructional tasting events. Any agreement, whether written or oral, entered into by and between a licenseholder and an authorized licensee or its designated representative that precludes the conducting of instructional tasting events on the premises of the licenseholder by any other authorized licensee is prohibited. A licenseholder or authorized licensee, or its designated representative, shall not use an instructional tasting event to circumvent any other requirements of this division.

(2) In addition to any other remedies available under this division, upon a finding by the department of a failure to comply with this subdivision, the department shall suspend the instructional tasting license of the licenseholder and the privilege of the authorized licensee to conduct instructional events for not less than six months but for no more than one year.

(1) The Legislature finds that it is necessary and proper to require a separation between manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exception established by this section to the general prohibition against tied interests must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

SEC. 2.

Section 25503.57 of the Business and Professions Code is amended to read:

25503.57.

(a) (1) An authorized licensee, or its designated representative, may instruct consumers at an on-sale retail licensed premises authorized to sell its product with the permission of the retail on-sale licensee. The instruction may include, without limitation, the history, nature, values, and characteristics of the wine or distilled spirits and the methods of presenting and serving the wine or distilled spirits.

(2) The instruction of consumers may include the furnishing of not more than three tastings to any individual in one day. A single tasting of distilled spirits may not exceed one-fourth of one ounce and a single tasting of wine may not exceed one ounce.

(3) The authorized licensee, or its designated representative, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the retail on-sale licensee at the original invoiced cost.

(4) The authorized licensee, or its designated representative, shall remove any unfinished alcoholic beverages that were supplied by the authorized licensee, or its designated representative, following the instruction.

(5) Nothing in this subdivision shall limit the giving away of samples pursuant to subdivision (a) of Section 23386.

(b) For purposes of this section, “authorized licensee” means a winegrower, California winegrower’s agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer’s agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper’s certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, or California brandy wholesaler. “Authorized licensee” shall not include any person that solely holds a combination of a beer and wine wholesaler license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or in combination with a beer and wine importer general license, or holds a limited off-sale retail wine license.

(c) Except as otherwise provided in this division or by the rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event conducted pursuant to this section that includes tastings of wine or distilled spirits.

(d) (1) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the retail on-sale licensee upon whose premises the instructional tasting event will be held, may list in an advertisement to the general public the name and address of the on-sale retail licensee, the names of the wines or distilled spirits being featured at the instructional tasting event, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(A) The advertisement does not contain the retail price of the alcoholic beverages.

(B) The listing of the on-sale retail licensee’s name and address is the only reference to the on-sale retail licensee in the advertisement.

(2) Pictures or illustrations of the on-sale retail licensee’s licensed premises and laudatory references to the on-sale retail licensee in these advertisements are not authorized. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the on-sale retail licensee.

(e) An on-sale retail licensee may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the on-sale retail licensee. Advertising permitted by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.

(f) No more than one authorized licensee or its designated representative shall conduct an instructional tasting pursuant to this section at the on-sale retail licensed premises of an on-sale retail licensee at any time, and a person shall not act as the designated representative for more than one authorized licensee at that instructional tasting.

SEC. 2.1.

Section 25503.57 of the Business and Professions Code is amended to read:

25503.57.

(a) (1) An authorized licensee, or its designated representative, may instruct consumers at an on-sale retail licensed premises authorized to sell its product with the permission of the retail on-sale licensee. The instruction may include, without limitation, the history, nature, values, and characteristics of the wine or distilled spirits and the methods of presenting and serving the wine or distilled spirits.

(2) The instruction of consumers may include the furnishing of not more than three tastings to any individual in one day. A single tasting of distilled spirits may not exceed one-fourth of one ounce and a single tasting of wine may not exceed one ounce.

(3) The authorized licensee, or its designated representative, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the retail on-sale licensee at the original invoiced cost.

(4) The authorized licensee, or its designated representative, shall remove any unfinished alcoholic beverages that were supplied by the authorized licensee, or its designated representative, following the instruction.

(5) Nothing in this subdivision shall limit the giving away of samples pursuant to subdivision (a) of Section 23386.

(b) For purposes of this section, "authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, or California brandy wholesaler. "Authorized licensee" shall not include any person that solely holds a combination of a beer and wine wholesaler license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or in combination with a beer and wine importer general license, or holds a limited off-sale retail wine license.

(c) Except as otherwise provided in this division or by the rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event conducted pursuant to this section that includes tastings of wine or distilled spirits.

(d) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the retail on-sale licensee upon whose premises the instructional tasting event will be held, may list in any advertisement to the general public for the instructional tasting the name, address, telephone number, email address, Internet Web site address, and any other electronic

media of the on-sale retail licensee, the names of the wines or distilled spirits being featured at the instructional tasting event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(1) The advertisement does not contain the retail price of the alcoholic beverages.

(2) The listing of the licensee's name, address, telephone number, email address, Internet Web site address, and any other electronic media in the advertisement and any pictures, illustrations or depictions are relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the licensee in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all the requirements of this section. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licensee.

(e) An on-sale retail licensee may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the on-sale retail licensee. Advertising permitted by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.

(f) No more than one authorized licensee or its designated representative shall conduct an instructional tasting pursuant to this section at the on-sale retail licensed premises of an on-sale retail licensee at any time, and a person shall not act as the designated representative for more than one authorized licensee at that instructional tasting.

SEC. 3.

(a) Section 1.1 of this bill incorporates amendments to Section 25503.56 of the Business and Professions Code proposed by both this bill and Assembly Bill 2452. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25503.56 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 2452, in which case Section 1 of this bill shall not become operative.

(b) Section 2.1 of this bill incorporates amendments to Section 25503.57 of the Business and Professions Code proposed by both this bill and Assembly Bill 2452. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25503.57 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 2452, in which case Section 2 of this bill shall not become operative.

Assembly Bill No. 1986 – (Cunningham), Chapter 579, Statutes of 2018- Craft distillers: alcoholic beverage licensees: donations

An act to amend Section 25503.9 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill provides tied-house exemption that allows craft distillers to give or sell distilled spirits to certain nonprofit organizations, as specified. The bill allows specified licensees authorized to donate or sell alcoholic beverages under this provision, to provide services or otherwise assist a nonprofit organization in connection with an event conducted under a temporary license issued by the department. The bill also prohibits nonprofit organizations that purchase or receive donations that also have a permanent retail license, from using those alcoholic beverages in the exercise of any privilege or business under that license.

This bill incorporates additional changes to Section 25503.9 of the Business and Professions Code proposed by SB 1164 (Skinner), Chapter 695, Statutes of 2018.

SECTION 1.

Section 25503.9 of the Business and Professions Code is amended to read:

25503.9.

(a) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a distilled spirits manufacturer, craft distiller, rectifier, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or an importer general licensee from giving or selling beer, wine, or distilled spirits at prices other than those contained in schedules filed with the department, to any of the following:

(1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.

(3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701i, 23701k, 23701l, 23701r, or 23701w of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, distilled spirits

manufacturer, distilled spirits manufacturer's agent, or importer general licensee pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.

(b) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a distilled spirits manufacturer, craft distiller, rectifier, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or a beer and wine wholesaler that also holds an importer's license from giving or selling beer, wine, or distilled spirits at prices other than those contained in schedules filed with the department, to any of the following:

(1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.

(3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701d, 23701e, 23701f, or 23701r of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, distilled spirits manufacturer, distilled spirits manufacturer's agent, or licensed importer pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.

(c) A nonprofit corporation, organization, or association that is authorized to purchase or accept donations of alcoholic beverages pursuant to this section, and that also holds a permanent retail license issued pursuant to this division, shall not use any alcoholic beverage so purchased or donated in the exercise of any privileges or business under its permanent retail license.

(d) A licensee authorized to donate or sell alcoholic beverages to a nonprofit corporation, organization, or association pursuant to this section, except for a beer and wine wholesaler that also holds an importer's license, may also provide services to and otherwise assist the corporation, organization, or association in connection with an event conducted under a temporary license issued by the department.

SEC. 1.5.

Section 25503.9 of the Business and Professions Code is amended to read:

25503.9.

(a) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a distilled spirits manufacturer, craft distiller, rectifier, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or an importer general licensee from giving or selling beer, wine, or distilled spirits at prices other than those contained in schedules filed with the department, to any of the following:

(1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.

(3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701i, 23701k, 23701l, 23701r, or 23701w of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, or importer general licensee pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.

(b) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a distilled spirits manufacturer, craft distiller, rectifier, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or a beer and wine wholesaler that also holds an importer's license from giving or selling beer, wine, or distilled spirits at prices other than those contained in schedules filed with the department, to any of the following:

(1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.

(3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701d, 23701e, 23701f, or 23701r of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, or licensed importer pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.

(c) A nonprofit corporation, organization, or association that is authorized to purchase or accept donations of alcoholic beverages pursuant to this section, and that also holds a permanent retail license issued pursuant to this division, shall not use any alcoholic beverage so purchased or donated in the exercise of any privileges or business under its permanent retail license.

(d) A licensee authorized to donate or sell alcoholic beverages to a nonprofit corporation, organization, or association pursuant to this section, except for a beer and wine wholesaler that also holds an importer's license, may also provide services to and otherwise assist the corporation, organization, or association in connection with an event conducted under a temporary license issued by the department.

SEC. 2.

Section 1.5 of this bill incorporates amendments to Section 25503.9 of the Business and Professions Code proposed by both this bill and Senate Bill 1164. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25503.9 of the Business and Professions Code, and (3) this bill is enacted after Senate Bill 1164, in which case Section 1 of this bill shall not become operative.

SEC. 3.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Assembly Bill No. 2000 – (Kalra), Chapter 483, Statutes of 2018 - Alcoholic beverages: tied-house restrictions: advertising

An act to amend Sections 25503.6 and 25503.8 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill provides tied exceptions that allow beer manufacturers, winegrowers, distilled spirits rectifiers, distilled spirits manufacturers, or distilled spirits manufacturer's agents to purchase advertising space and time, in connection with described events, from, or on behalf of, on-sale retail licensees, at specified stadiums located in the City of San Jose. This bill expands the definition of an on-sale retail licensee to include an owner, manager, or major tenant with regard to a specified fully enclosed arena in San Jose.

This bill makes legislative findings and declarations as to the necessity of a special statute for the City of San Jose. This bill also incorporates additional changes to Section 25503.6 of the Business and Professions Code proposed by AB 2146 (Gloria), Chapter 487, Statutes of 2018.

SECTION 1.

Section 25503.6 of the Business and Professions Code is amended to read:

25503.6.

(a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee subject to all of the following conditions:

(1) The on-sale licensee is the owner, manager, agent of the owner, assignee of the owner's advertising rights, or the major tenant of the owner of any of the following:

(A) An outdoor stadium or a fully enclosed arena with a fixed seating capacity in excess of 10,000 seats located in Sacramento County or Alameda County.

(B) (i) A fully enclosed arena with a fixed seating capacity in excess of 18,000 seats located in Orange County or Los Angeles County.

(ii) An outdoor stadium of at least 70,000 seats located in Los Angeles County operated by a joint powers authority.

(C) An outdoor stadium or fully enclosed arena with a fixed seating capacity in excess of 8,500 seats located in Kern County.

(D) An exposition park of not less than 50 acres that includes an outdoor stadium with a fixed seating capacity in excess of 8,000 seats and a fully enclosed arena with an attendance capacity in excess of 4,500 people, located in San Bernardino County.

(E) An outdoor stadium with a fixed seating capacity in excess of 10,000 seats located in Yolo County.

(F) An outdoor stadium and a fully enclosed arena with fixed seating capacities in excess of 10,000 seats located in Fresno County.

(G) An athletic and entertainment complex of not less than 50 acres that includes within its boundaries an outdoor stadium with a fixed seating capacity of at least 8,000 seats and a second outdoor stadium with a fixed seating capacity of at least 3,500 seats located in Riverside County.

(H) An outdoor stadium with a fixed seating capacity in excess of 1,500 seats located in Tulare County.

(I) A motorsports entertainment complex of not less than 50 acres that includes within its boundaries an outdoor speedway with a fixed seating capacity of at least 50,000 seats, located in San Bernardino County.

(J) An exposition park, owned or operated by a bona fide nonprofit organization, of not less than 400 acres with facilities including a grandstand with a seating capacity of at least 8,000 people, at least one exhibition hall greater than 100,000 square feet, and at least four exhibition halls, each greater than 30,000 square feet, located in the City of Pomona or the City of La Verne in Los Angeles County.

(K) An outdoor soccer stadium with a fixed seating capacity of at least 25,000 seats, an outdoor tennis stadium with a fixed seating capacity of at least 7,000 seats, an outdoor track and field facility with a fixed seating capacity of at least 7,000 seats, and an indoor velodrome with a fixed seating capacity of at least 2,000 seats, all located within a sports and athletic complex built before January 1, 2005, in the City of Carson in Los Angeles County.

(L) An outdoor professional sports facility with a fixed seating capacity of at least 4,200 seats located in San Joaquin County.

(M) A fully enclosed arena with a fixed seating capacity in excess of 13,000 seats located in the City of Inglewood.

(N) (i) An outdoor stadium with a fixed seating capacity of at least 68,000 seats located in the City of Santa Clara.

(ii) A beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, a major tenant of an outdoor stadium described in clause (i), provided the major tenant does not hold a retail license, and the advertising may include the placement of advertising in an on-sale licensed premises operated at the outdoor stadium.

(O) A complex of not more than 50 acres located on the campus of, and owned by, Sonoma State University dedicated to presenting live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances with venues that include a concert hall with a seating capacity of approximately 1,500 seats, a second concert hall with a seating capacity of up to 300 seats, an outdoor area with a seating capacity of up to 5,000 seats, and a further outdoor area with a seating capacity of

up to 10,000 seats. With respect to this complex, advertising space and time may also be purchased from or on behalf of the owner of the complex, a long-term tenant or licensee of the venue, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

(P) A fairgrounds with a horse racetrack and equestrian and sports facilities located in San Diego County.

(Q) A stadium with a fixed seating capacity of at least 70,000 seats located in the City of Inglewood and a performance venue with a seating capacity of at least 5,000 seats adjacent to the stadium.

(R) An outdoor stadium with a fixed seating capacity of at least 40,000 seats located in the City and County of San Francisco.

(S) An indoor arena with a fixed seating capacity of at least 13,000 seats located in the City and County of San Francisco.

(T) An outdoor stadium with a fixed seating capacity in excess of 20,000 seats located in the City of Los Angeles.

(U) An outdoor professional sports stadium with a fixed seating capacity of at least 3,000 seats located in the City of San Jose.

(V) An outdoor professional sports stadium with a fixed seating capacity of at least 15,000 seats located in the City of San Jose.

(W) A fully enclosed arena with a fixed seating capacity in excess of 15,000 seats located in the City of San Jose.

(2) The outdoor stadium or fully enclosed arena described in paragraph (1) is not owned by a community college district.

(3) The advertising space or time is purchased only in connection with the events to be held on the premises of the exposition park, stadium, or arena owned by the on-sale licensee. With respect to an exposition park as described in subparagraph (J) of paragraph (1) that includes at least one hotel, the advertising space or time shall not be displayed on or in any hotel located in the exposition park, or purchased in connection with the operation of any hotel located in the exposition park. With respect to the complex described in subparagraph (O) of paragraph (1), the advertising space or time shall be purchased only in connection with live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances to be held on the premises of the complex. With respect to a fully enclosed arena described in subparagraph (W) of paragraph (1), advertising space or time shall be purchased only for interior advertising in connection with events conducted within the arena.

(4) The on-sale licensee serves other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by the beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brand produced by the winegrower, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed

by the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent that purchased the advertising space or time.

(b) Any purchase of advertising space or time pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the holder of the winegrower's license, the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent and any of the following:

(1) The on-sale licensee.

(2) With respect to clause (ii) of subparagraph (N) of paragraph (1) of subdivision (a), the major tenant of the outdoor stadium.

(3) With respect to subparagraphs (O), (R), and (T) of paragraph (1) of subdivision (a), the owner, a long-term tenant of the complex, or licensee of the complex, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

(c) Any beer manufacturer or holder of a winegrower's license, any rectifier, any distilled spirits manufacturer, or any distilled spirits manufacturer's agent who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill all or part of those contractual obligations entered into pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space, time, or costs involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(d) Any on-sale retail licensee, as described in subdivision (a), who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, a holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent to purchase advertising space or time pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(e) For the purposes of this section, "beer manufacturer" includes any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

(f) The Legislature finds that it is necessary and proper to require a separation among manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exceptions established by this section to the general prohibition against tied interests shall be limited to their express terms so as not to undermine the general prohibition and intends that this section be construed accordingly.

SEC. 1.5.

Section 25503.6 of the Business and Professions Code is amended to read:

25503.6.

(a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee subject to all of the following conditions:

(1) The on-sale licensee is the owner, manager, agent of the owner, assignee of the owner's advertising rights, or the major tenant of the owner of any of the following:

(A) An outdoor stadium or a fully enclosed arena with a fixed seating capacity in excess of 10,000 seats located in Sacramento County or Alameda County.

(B) (i) A fully enclosed arena with a fixed seating capacity in excess of 18,000 seats located in Orange County or Los Angeles County.

(ii) An outdoor stadium of at least 70,000 seats located in Los Angeles County operated by a joint powers authority.

(C) An outdoor stadium or fully enclosed arena with a fixed seating capacity in excess of 8,500 seats located in Kern County.

(D) An exposition park of not less than 50 acres that includes an outdoor stadium with a fixed seating capacity in excess of 8,000 seats and a fully enclosed arena with an attendance capacity in excess of 4,500 people, located in San Bernardino County.

(E) An outdoor stadium with a fixed seating capacity in excess of 10,000 seats located in Yolo County.

(F) An outdoor stadium and a fully enclosed arena with fixed seating capacities in excess of 10,000 seats located in Fresno County.

(G) An athletic and entertainment complex of not less than 50 acres that includes within its boundaries an outdoor stadium with a fixed seating capacity of at least 8,000 seats and a second outdoor stadium with a fixed seating capacity of at least 3,500 seats located in Riverside County.

(H) An outdoor stadium with a fixed seating capacity in excess of 1,500 seats located in Tulare County.

(I) A motorsports entertainment complex of not less than 50 acres that includes within its boundaries an outdoor speedway with a fixed seating capacity of at least 50,000 seats, located in San Bernardino County.

(J) An exposition park, owned or operated by a bona fide nonprofit organization, of not less than 400 acres with facilities including a grandstand with a seating capacity of at least 8,000 people, at least one exhibition hall greater than 100,000 square feet, and at least four exhibition halls, each greater than 30,000 square feet, located in the City of Pomona or the City of La Verne in Los Angeles County.

(K) An outdoor soccer stadium with a fixed seating capacity of at least 25,000 seats, an outdoor tennis stadium with a fixed seating capacity of at least 7,000 seats, an outdoor track and field facility with a fixed seating capacity of at least 7,000 seats, and an indoor velodrome with a fixed seating capacity of at least 2,000 seats, all located within a sports and athletic complex built before January 1, 2005, in the City of Carson in Los Angeles County.

(L) An outdoor professional sports facility with a fixed seating capacity of at least 4,200 seats located in San Joaquin County.

(M) A fully enclosed arena with a fixed seating capacity in excess of 13,000 seats located in the City of Inglewood.

(N) (i) An outdoor stadium with a fixed seating capacity of at least 68,000 seats located in the City of Santa Clara.

(ii) A beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, a major tenant of an outdoor stadium described in clause (i), provided the major tenant does not hold a retail license, and the advertising may include the placement of advertising in an on-sale licensed premises operated at the outdoor stadium.

(O) A complex of not more than 50 acres located on the campus of, and owned by, Sonoma State University dedicated to presenting live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances with venues that include a concert hall with a seating capacity of approximately 1,500 seats, a second concert hall with a seating capacity of up to 300 seats, an outdoor area with a seating capacity of up to 5,000 seats, and a further outdoor area with a seating capacity of up to 10,000 seats. With respect to this complex, advertising space and time may also be purchased from or on behalf of the owner of the complex, a long-term tenant or licensee of the venue, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

(P) A fairgrounds with a horse racetrack and equestrian and sports facilities located in San Diego County.

(Q) A stadium with a fixed seating capacity of at least 70,000 seats located in the City of Inglewood and a performance venue with a seating capacity of at least 5,000 seats adjacent to the stadium.

(R) An outdoor stadium with a fixed seating capacity of at least 40,000 seats located in the City and County of San Francisco.

(S) An indoor arena with a fixed seating capacity of at least 13,000 seats located in the City and County of San Francisco.

(T) An outdoor stadium with a fixed seating capacity in excess of 20,000 seats located in the City of Los Angeles.

(U) An outdoor professional sports stadium with a fixed seating capacity of at least 3,000 seats located in the City of San Jose.

(V) An outdoor professional sports stadium with a fixed seating capacity of at least 15,000 seats located in the City of San Jose.

(W) A fully enclosed arena with a fixed seating capacity in excess of 15,000 seats located in the City of San Jose.

(X) An outdoor stadium with a fixed seating capacity of at least 43,000 seats located in the City of San Diego.

(2) The outdoor stadium or fully enclosed arena described in paragraph (1) is not owned by a community college district.

(3) The advertising space or time is purchased only in connection with the events to be held on the premises of the exposition park, stadium, or arena owned by the on-sale licensee. With respect to an exposition park as described in subparagraph (J) of paragraph (1) that includes at least one hotel, the advertising space or time shall not be displayed on or in any hotel located in the exposition park, or purchased in connection with the operation of any hotel located in the exposition park. With respect to the complex described in subparagraph (O) of paragraph (1), the advertising space or time shall be purchased only in connection with live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances to be held on the premises of the complex. With respect to a fully enclosed arena described in subparagraph (W) of paragraph (1), advertising space or time shall be purchased only for interior advertising in connection with events conducted within the arena.

(4) The on-sale licensee serves other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by the beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brand produced by the winegrower, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent that purchased the advertising space or time.

(b) Any purchase of advertising space or time pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the holder of the winegrower's license, the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent and any of the following:

(1) The on-sale licensee.

(2) With respect to clause (ii) of subparagraph (N) of paragraph (1) of subdivision (a), the major tenant of the outdoor stadium.

(3) With respect to subparagraphs (O), (R), and (T) of paragraph (1) of subdivision (a), the owner, a long-term tenant of the complex, or licensee of the complex, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

(c) Any beer manufacturer or holder of a winegrower's license, any rectifier, any distilled spirits manufacturer, or any distilled spirits manufacturer's agent who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill all or part of those contractual obligations entered into pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space, time, or costs involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(d) Any on-sale retail licensee, as described in subdivision (a), who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, a holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent to purchase advertising space or time pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(e) For the purposes of this section, "beer manufacturer" includes any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

(f) The Legislature finds that it is necessary and proper to require a separation among manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exceptions established by this section to the general prohibition against tied interests shall be limited to their express terms so as not to undermine the general prohibition and intends that this section be construed accordingly.

SEC. 2.

Section 25503.8 of the Business and Professions Code is amended to read:

25503.8.

(a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a California winegrower's agent, a rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee if all of the following conditions are met:

(1) The on-sale licensee is the owner of any of the following:

(A) A fully enclosed auditorium or theater with a fixed seating capacity in excess of 6,000 seats, at least 60 percent of the use of which is for plays or musical concerts, not including sporting events.

(B) A motion picture studio facility at which public tours are conducted for at least four million people per year.

(C) A retail, entertainment development adjacent to, and under common ownership with, a theme park, amphitheater, and motion picture production studio.

(D) A theme or amusement park and the adjacent retail, dining, and entertainment area located in the City of Los Angeles, Los Angeles County, or Orange County.

(E) A fully enclosed theater, with box office sales and attendance by the public on a ticketed basis only, with a fixed seating capacity in excess of 6,000 seats, located in Los Angeles County within the area subject to the Los Angeles Sports and Entertainment District Specific Plan adopted by the City of Los Angeles pursuant to ordinance number 174225, as approved on September 6, 2001.

(2) The advertising space or time is purchased only in connection with one of the following:

(A) In the case of a fully enclosed auditorium or theater, in connection with sponsorship of plays or musical concerts to be held on the premises of the auditorium or theater owned by the on-sale licensee.

(B) In the case of a motion picture studio facility, in connection with sponsorship of the public tours or special events conducted at the studio facility.

(C) In the case of a retail, entertainment development, in connection with sponsorship of public tours or special events conducted at the development.

(D) In the case of a theme or amusement park and the adjacent retail, dining, and entertainment area, located in the City of Los Angeles, Los Angeles County, or Orange County, in connection with daily activities and events at the theme or amusement park and the adjacent retail, dining, and entertainment area.

(E) In the case of the fully enclosed theater described in subparagraph (E) of paragraph (1) of subdivision (a), in connection with events conducted at the theater.

(3) The on-sale licensee serves other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by the beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brand produced or marketed by the winegrower or California winegrower's agent, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the distilled spirits manufacturer or distilled spirits manufacturer's agent purchasing the advertising space or time.

(b) Any purchase of advertising space or time conducted pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the holder of the winegrower's license, the California winegrower's agent, the rectifier, the

distilled spirits manufacturer, or the distilled spirits manufacturer's agent, and the on-sale licensee, which contract shall not in any way involve the holder of a wholesaler's license.

(c) Any beer manufacturer, rectifier, distilled spirits manufacturer, distilled spirits manufacturer's agent, holder of a winegrower's license, or California winegrower's agent, who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill those contractual obligations entered into pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(d) Any on-sale retail licensee, as described in subdivision (a), who solicits or coerces, directly or indirectly, a holder of a wholesaler's license to solicit a beer manufacturer, rectifier, distilled spirits manufacturer, or distilled spirits manufacturer's agent, holder of a winegrower's license, or California winegrower's agent to purchase advertising space or time pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(e) For the purposes of this section, "beer manufacturer" includes any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

SEC. 3.

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique conditions located in the City of San Jose.

SEC. 4.

Section 1.5 of this bill incorporates amendments to Section 25503.6 of the Business and Professions Code proposed by both this bill and Assembly Bill 2146. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25503.6 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 2146, in which case Section 1 of this bill shall not become operative.

SEC. 5.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Assembly Bill No. 2146 – (Gloria), Chapter 487, Statutes of 2018 - Alcoholic beverages: tied-house restrictions: advertising.

An act to amend Section 25503.6 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill expands tied-house exceptions to allow beer manufacturers, winegrowers, distilled spirits rectifiers, distilled spirits manufacturers, or distilled spirits manufacturer's agents to purchase advertising space and time, in connection with described events, from, or on behalf of, on-sale retail licensees, at a specified stadium located in the City of San Diego.

This bill makes legislative findings and declarations as to the necessity of a special statute for the City of San Diego. This bill also incorporates additional changes to Section 25503.6 of the Business and Professions Code proposed by AB 2000 to be operative only if this bill and AB 2000 are enacted and this bill is enacted last.

SECTION 1.

Section 25503.6 of the Business and Professions Code is amended to read:

25503.6.

(a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee subject to all of the following conditions:

(1) The on-sale licensee is the owner, manager, agent of the owner, assignee of the owner's advertising rights, or the major tenant of the owner of any of the following:

(A) An outdoor stadium or a fully enclosed arena with a fixed seating capacity in excess of 10,000 seats located in Sacramento County or Alameda County.

(B) (i) A fully enclosed arena with a fixed seating capacity in excess of 18,000 seats located in Orange County or Los Angeles County.

(ii) An outdoor stadium of at least 70,000 seats located in Los Angeles County operated by a joint powers authority.

(C) An outdoor stadium or fully enclosed arena with a fixed seating capacity in excess of 8,500 seats located in Kern County.

(D) An exposition park of not less than 50 acres that includes an outdoor stadium with a fixed seating capacity in excess of 8,000 seats and a fully enclosed arena with an attendance capacity in excess of 4,500 people, located in San Bernardino County.

(E) An outdoor stadium with a fixed seating capacity in excess of 10,000 seats located in Yolo County.

(F) An outdoor stadium and a fully enclosed arena with fixed seating capacities in excess of 10,000 seats located in Fresno County.

(G) An athletic and entertainment complex of not less than 50 acres that includes within its boundaries an outdoor stadium with a fixed seating capacity of at least 8,000 seats and a second outdoor stadium with a fixed seating capacity of at least 3,500 seats located in Riverside County.

(H) An outdoor stadium with a fixed seating capacity in excess of 1,500 seats located in Tulare County.

(I) A motorsports entertainment complex of not less than 50 acres that includes within its boundaries an outdoor speedway with a fixed seating capacity of at least 50,000 seats, located in San Bernardino County.

(J) An exposition park, owned or operated by a bona fide nonprofit organization, of not less than 400 acres with facilities including a grandstand with a seating capacity of at least 8,000 people, at least one exhibition hall greater than 100,000 square feet, and at least four exhibition halls, each greater than 30,000 square feet, located in the City of Pomona or the City of La Verne in Los Angeles County.

(K) An outdoor soccer stadium with a fixed seating capacity of at least 25,000 seats, an outdoor tennis stadium with a fixed seating capacity of at least 7,000 seats, an outdoor track and field facility with a fixed seating capacity of at least 7,000 seats, and an indoor velodrome with a fixed seating capacity of at least 2,000 seats, all located within a sports and athletic complex built before January 1, 2005, in the City of Carson in Los Angeles County.

(L) An outdoor professional sports facility with a fixed seating capacity of at least 4,200 seats located in San Joaquin County.

(M) A fully enclosed arena with a fixed seating capacity in excess of 13,000 seats located in the City of Inglewood.

(N) (i) An outdoor stadium with a fixed seating capacity of at least 68,000 seats located in the City of Santa Clara.

(ii) A beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, a major tenant of an outdoor stadium described in clause (i), provided the major tenant does not hold a retail license, and the advertising may include the placement of advertising in an on-sale licensed premises operated at the outdoor stadium.

(O) A complex of not more than 50 acres located on the campus of, and owned by, Sonoma State University dedicated to presenting live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances with venues that include a concert hall with a seating capacity of approximately 1,500 seats, a second concert hall with a seating capacity of up to 300 seats, an outdoor area with a seating capacity of up to 5,000 seats, and a further outdoor area with a seating capacity of up to 10,000 seats. With respect to this complex, advertising space and time may also be purchased from or on behalf of the owner of the complex, a long-term tenant or licensee of the venue, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

(P) A fairgrounds with a horse racetrack and equestrian and sports facilities located in San Diego County.

(Q) A stadium with a fixed seating capacity of at least 70,000 seats located in the City of Inglewood and a performance venue with a seating capacity of at least 5,000 seats adjacent to the stadium.

(R) An outdoor stadium with a fixed seating capacity of at least 40,000 seats located in the City and County of San Francisco.

(S) An indoor arena with a fixed seating capacity of at least 13,000 seats located in the City and County of San Francisco.

(T) An outdoor stadium with a fixed seating capacity in excess of 20,000 seats located in the City of Los Angeles.

(U) An outdoor stadium with a fixed seating capacity of at least 43,000 seats located in the City of San Diego.

(2) The outdoor stadium or fully enclosed arena described in paragraph (1) is not owned by a community college district.

(3) The advertising space or time is purchased only in connection with the events to be held on the premises of the exposition park, stadium, or arena owned by the on-sale licensee. With respect to an exposition park as described in subparagraph (J) of paragraph (1) that includes at least one hotel, the advertising space or time shall not be displayed on or in any hotel located in the exposition park, or purchased in connection with the operation of any hotel located in the exposition park. With respect to the complex described in subparagraph (O) of paragraph (1), the advertising space or time shall be purchased only in connection with live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances to be held on the premises of the complex.

(4) The on-sale licensee serves other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by the beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brand produced by the winegrower, and other brands of distilled spirits distributed by a

competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent that purchased the advertising space or time.

(b) Any purchase of advertising space or time pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the holder of the winegrower's license, the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent and any of the following:

(1) The on-sale licensee.

(2) With respect to clause (ii) of subparagraph (N) of paragraph (1) of subdivision (a), the major tenant of the outdoor stadium.

(3) With respect to subparagraphs (O), (R), and (T) of paragraph (1) of subdivision (a), the owner, a long-term tenant of the complex, or licensee of the complex, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

(c) Any beer manufacturer or holder of a winegrower's license, any rectifier, any distilled spirits manufacturer, or any distilled spirits manufacturer's agent who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill all or part of those contractual obligations entered into pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space, time, or costs involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(d) Any on-sale retail licensee, as described in subdivision (a), who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, a holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent to purchase advertising space or time pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(e) For the purposes of this section, "beer manufacturer" includes any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

(f) The Legislature finds that it is necessary and proper to require a separation among manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages

produced by overly aggressive marketing techniques. The Legislature further finds that the exceptions established by this section to the general prohibition against tied interests shall be limited to their express terms so as not to undermine the general prohibition and intends that this section be construed accordingly.

SEC. 1.5.

Section 25503.6 of the Business and Professions Code is amended to read:

25503.6.

(a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee subject to all of the following conditions:

(1) The on-sale licensee is the owner, manager, agent of the owner, assignee of the owner's advertising rights, or the major tenant of the owner of any of the following:

(A) An outdoor stadium or a fully enclosed arena with a fixed seating capacity in excess of 10,000 seats located in Sacramento County or Alameda County.

(B) (i) A fully enclosed arena with a fixed seating capacity in excess of 18,000 seats located in Orange County or Los Angeles County.

(ii) An outdoor stadium of at least 70,000 seats located in Los Angeles County operated by a joint powers authority.

(C) An outdoor stadium or fully enclosed arena with a fixed seating capacity in excess of 8,500 seats located in Kern County.

(D) An exposition park of not less than 50 acres that includes an outdoor stadium with a fixed seating capacity in excess of 8,000 seats and a fully enclosed arena with an attendance capacity in excess of 4,500 people, located in San Bernardino County.

(E) An outdoor stadium with a fixed seating capacity in excess of 10,000 seats located in Yolo County.

(F) An outdoor stadium and a fully enclosed arena with fixed seating capacities in excess of 10,000 seats located in Fresno County.

(G) An athletic and entertainment complex of not less than 50 acres that includes within its boundaries an outdoor stadium with a fixed seating capacity of at least 8,000 seats and a second outdoor stadium with a fixed seating capacity of at least 3,500 seats located in Riverside County.

(H) An outdoor stadium with a fixed seating capacity in excess of 1,500 seats located in Tulare County.

(I) A motorsports entertainment complex of not less than 50 acres that includes within its boundaries an outdoor speedway with a fixed seating capacity of at least 50,000 seats, located in San Bernardino County.

(J) An exposition park, owned or operated by a bona fide nonprofit organization, of not less than 400 acres with facilities including a grandstand with a seating capacity of at least 8,000 people, at least one exhibition hall greater than 100,000 square feet, and at least four exhibition halls, each greater than 30,000 square feet, located in the City of Pomona or the City of La Verne in Los Angeles County.

(K) An outdoor soccer stadium with a fixed seating capacity of at least 25,000 seats, an outdoor tennis stadium with a fixed seating capacity of at least 7,000 seats, an outdoor track and field facility with a fixed seating capacity of at least 7,000 seats, and an indoor velodrome with a fixed seating capacity of at least 2,000 seats, all located within a sports and athletic complex built before January 1, 2005, in the City of Carson in Los Angeles County.

(L) An outdoor professional sports facility with a fixed seating capacity of at least 4,200 seats located in San Joaquin County.

(M) A fully enclosed arena with a fixed seating capacity in excess of 13,000 seats located in the City of Inglewood.

(N) (i) An outdoor stadium with a fixed seating capacity of at least 68,000 seats located in the City of Santa Clara.

(ii) A beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, a major tenant of an outdoor stadium described in clause (i), provided the major tenant does not hold a retail license, and the advertising may include the placement of advertising in an on-sale licensed premises operated at the outdoor stadium.

(O) A complex of not more than 50 acres located on the campus of, and owned by, Sonoma State University dedicated to presenting live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances with venues that include a concert hall with a seating capacity of approximately 1,500 seats, a second concert hall with a seating capacity of up to 300 seats, an outdoor area with a seating capacity of up to 5,000 seats, and a further outdoor area with a seating capacity of up to 10,000 seats. With respect to this complex, advertising space and time may also be purchased from or on behalf of the owner of the complex, a long-term tenant or licensee of the venue, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

(P) A fairgrounds with a horse racetrack and equestrian and sports facilities located in San Diego County.

(Q) A stadium with a fixed seating capacity of at least 70,000 seats located in the City of Inglewood and a performance venue with a seating capacity of at least 5,000 seats adjacent to the stadium.

(R) An outdoor stadium with a fixed seating capacity of at least 40,000 seats located in the City and County of San Francisco.

(S) An indoor arena with a fixed seating capacity of at least 13,000 seats located in the City and County of San Francisco.

(T) An outdoor stadium with a fixed seating capacity in excess of 20,000 seats located in the City of Los Angeles.

(U) An outdoor stadium with a fixed seating capacity of at least 43,000 seats located in the City of San Diego.

(V) An outdoor professional sports stadium with a fixed seating capacity of at least 3,000 seats located in the City of San Jose.

(W) An outdoor professional sports stadium with a fixed seating capacity of at least 15,000 seats located in the City of San Jose.

(X) A fully enclosed arena with a fixed seating capacity in excess of 15,000 seats located in the City of San Jose.

(2) The outdoor stadium or fully enclosed arena described in paragraph (1) is not owned by a community college district.

(3) The advertising space or time is purchased only in connection with the events to be held on the premises of the exposition park, stadium, or arena owned by the on-sale licensee. With respect to an exposition park as described in subparagraph (J) of paragraph (1) that includes at least one hotel, the advertising space or time shall not be displayed on or in any hotel located in the exposition park, or purchased in connection with the operation of any hotel located in the exposition park. With respect to the complex described in subparagraph (O) of paragraph (1), the advertising space or time shall be purchased only in connection with live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances to be held on the premises of the complex. With respect to a fully enclosed arena described in subparagraph (X) of paragraph (1), advertising space or time shall be purchased only for interior advertising in connection with events conducted within the arena.

(4) The on-sale licensee serves other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by the beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brand produced by the winegrower, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed

by the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent that purchased the advertising space or time.

(b) Any purchase of advertising space or time pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the holder of the winegrower's license, the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent and any of the following:

(1) The on-sale licensee.

(2) With respect to clause (ii) of subparagraph (N) of paragraph (1) of subdivision (a), the major tenant of the outdoor stadium.

(3) With respect to subparagraphs (O), (R), and (T) of paragraph (1) of subdivision (a), the owner, a long-term tenant of the complex, or licensee of the complex, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

(c) Any beer manufacturer or holder of a winegrower's license, any rectifier, any distilled spirits manufacturer, or any distilled spirits manufacturer's agent who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill all or part of those contractual obligations entered into pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space, time, or costs involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(d) Any on-sale retail licensee, as described in subdivision (a), who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, a holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent to purchase advertising space or time pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars (\$10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(e) For the purposes of this section, "beer manufacturer" includes any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

(f) The Legislature finds that it is necessary and proper to require a separation among manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the

exceptions established by this section to the general prohibition against tied interests shall be limited to their express terms so as not to undermine the general prohibition and intends that this section be construed accordingly.

SEC. 2.

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique conditions located in the City of San Diego.

SEC. 3.

Section 1.5 of this bill incorporates amendments to Section 25503.6 of the Business and Professions Code proposed by both this bill and Assembly Bill 2000. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25503.6 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 2000, in which case Section 1 of this bill shall not become operative.

SEC. 4.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

**Assembly Bill No. 2452– (Aguiar-Curry) Chapter 295, Statutes of 2018
Alcoholic beverages: tied-house restrictions.**

An act to amend Sections 25503.4, 25503.56, and 25503.57 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill revises certain tied-house prohibitions concerning advertising to, allow for pictures, illustrations, and depictions of the retailer's premises and for the name, address, telephone number, email address, internet web site address, and any other electronic media of the licensee upon whose licensed premises the event will be held.

This bill incorporates additional changes to Section 25503.56 of the Business and Professions Code proposed by AB 1891 (Levine), Chapter 273, Statutes of 2018 and SB 1164 (Skinner), Chapter 695 Statutes of 2018, as well as changes to Section 25503.57 of the Business and Professions Code which are outlined in AB 1891(Levine), Chapter 273, Statutes of 2018).

SECTION 1.

Section 25503.4 of the Business and Professions Code is amended to read:

25503.4.

(a) Notwithstanding any other provision of this division, a winegrower, California winegrower's agent, wine importer, or any director, partner, officer, agent, or representative of that person, may conduct or participate in, and serve wine at, an instructional event for consumers held at a retailer's premises featuring wines produced by or for the winegrower or, imported by the wine importer, subject to the following conditions:

(1) No premium, gift, free goods, or other thing of value may be given away in connection with the instructional event by the winegrower, California winegrower's agent, wine importer, or retailer, except as authorized by this division.

(2) No alcoholic beverages may be given away in connection with the instructional event except that minimal amounts of wine, taken from barrels or from tanks, may be supplied and provided as samples at the instructional event. A person authorized by subdivision (a) may also provide no more than three one-ounce tastes of wine per consumer at the instructional event from bottles of wine provided by the authorized person. For purposes of this section, minimal amounts of the samples or tastes provided at the instructional event do not constitute a thing of value. Following the instructional event, any unused wine provided by the authorized person shall be removed from the retailer's premises by the authorized person.

(3) No alcoholic beverages may be sold at the instructional event, except that orders for the sale of wine may be accepted by the winegrower if the sales transaction is completed at the winegrower's premises.

(b) Notwithstanding Section 25502.2, a person identified in subdivision (a) appearing at an instructional event described in subdivision (a) may, in addition to other permitted activities, provide autographs to consumers on consumer advertising specialties given by the person to a consumer or on any item provided by a consumer. No purchase of any alcoholic beverage shall be required in connection with such autographing.

(c) Notwithstanding any other provision of this division, in addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, a winegrower, California winegrower's agent, or wine importer, in advance of an instructional event for consumers being held at a retailer's premises, may list in any advertisement for the instructional event the name, address, telephone number, email address, Internet Web site address, and any other electronic media of the retailer, the names of the wines being featured at the instructional event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional event, provided:

(1) The advertisement does not also contain the retail price of the wines.

(2) The listing of the retailer's name, address, telephone number, email address, Internet Web site address, and any other electronic media in the advertisement is relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the retailer in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, illustrations, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all the requirements of this section.

(d) Notwithstanding any other provision of this division, the name, address, telephone number, email address, Internet Web site address, and any other electronic media of a winegrower, wine importer, or winegrower's agent licensee, the brand names of wine being featured, and the time, date, location, and other identifying information of a wine promotional lecture at retail premises may be listed in advance of the event in an advertisement of the off-sale or on-sale retail licensee.

(e) Nothing in this section authorizes a winegrower, wine importer, or winegrower's agent licensee to share in the costs, if any, of the retailer licensee's advertisement.

(f) Nothing in this section authorizes any person to consume any alcoholic beverage on any premises licensed with an off-sale retail license.

SEC. 2.

Section 25503.56 of the Business and Professions Code is amended to read:

25503.56.

(a) An authorized licensee, or a designated representative of an authorized licensee acting as an agent of the authorized licensee, may conduct, on the area specified by paragraph (1) of subdivision (c) of Section 23396.6, an instructional tasting event for consumers on the subject of wine, beer, or distilled spirits, including, but not limited to, the history, nature, values, and characteristics of wine, beer, or distilled spirits, and the methods of presenting and serving wine, beer, or distilled spirits.

(1) (A) Except as provided in subparagraph (B), the instructional tasting event may include the serving of alcoholic beverages to an attendee of legal drinking age. An instructional tasting event on the subject of wine or distilled spirits shall be limited to not more than three tastings per person per day. A single tasting of distilled spirits shall not exceed one-fourth of one ounce and a single tasting of wine shall not exceed one ounce. An instructional tasting event on the subject of beer shall be limited to not more than the tasting of eight ounces of beer per person per day. The wine, beer, or distilled spirits tasted shall be limited to the products that are authorized to be sold by the authorized licensee and the licenseholder under its off-sale license.

(B) A beer and wine wholesaler may conduct an instructional tasting event but shall not serve tastes of beer unless the beer and wine wholesaler also holds a beer manufacturer's license, an out-of-state beer manufacturer's certificate, or more than six distilled spirits wholesaler's licenses.

(C) No charge of any sort shall be made for the tastings. Except for the purposes of Section 23985, the serving of tastings shall not be deemed a sale of products pursuant to this division.

(D) A person under 21 years of age shall not serve wine, beer, or distilled spirits at the instructional tasting event.

(E) All tastes shall be served by an employee of the authorized licensee, the designated representative of the authorized licensee, or by an employee of the designated representative of the authorized licensee.

(F) An authorized licensee, or a designated representative of an authorized licensee, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the licenseholder at the original invoiced cost. An authorized licensee, or a designated representative of an authorized licensee, shall purchase beer to be tasted during the instructional tasting event from the licenseholder at the original invoiced cost.

(G) Any unused wine, beer, or distilled spirits remaining from the tasting shall be removed from the off-sale licensed premises by the authorized licensee or its designated representative.

(2) If the instructional tasting event is conducted by a designated representative of an authorized licensee, the designated representative shall not be owned, controlled, or employed directly or indirectly by the licenseholder on whose premises the instructional tasting event is held.

(3) An instructional tasting event shall be limited to a single type of alcoholic beverage. For purposes of this paragraph, "type of alcoholic beverage" means distilled spirits, wine, or beer.

(b) For purposes of this section:

(1) "Authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, California brandy wholesaler, beer manufacturer, or an out-of-state beer manufacturer certificate holder. "Authorized licensee" shall not include an entity that solely holds a combination of a beer and wine wholesale license and an off-sale beer and wine

retail license or holds those licenses solely in combination with any license not listed in this paragraph, or holds a limited off-sale retail wine license.

(2) "Licenseholder" means an off-sale retail licensee issued an instructional tasting license pursuant to Section 23396.6.

(3) "Location" means the total contiguous area encompassed by the off-sale and on-sale licenses.

(c) Notwithstanding subparagraph (E) of paragraph (1) of subdivision (a), a licenseholder may conduct an instructional tasting event that includes the serving of tastings only when an authorized licensee or its designated representative are unable to conduct an instructional tasting event previously advertised pursuant to this section and scheduled by the authorized licensee or its designated representative, provided that the licenseholder supplies the wine, beer, or distilled spirits used in the instructional tasting event and provides or pays for a person to serve the wine, beer, or distilled spirits. Instructional tasting events conducted by a licenseholder pursuant to this subdivision are subject to the provisions of this section and Section 23396.6.

(d) No more than one authorized licensee, or its designated representative, may conduct an instructional tasting event that includes the serving of tastes of wine, beer, or distilled spirits at any one individual licensed premises of a licenseholder per day.

(e) A licenseholder that also holds an on-sale beer and wine license, an on-sale beer and wine eating place license, or an on-sale general license shall not allow an authorized licensee, or its designated representative, to conduct an instructional tasting event on the same day and at the same location as any instructional tasting event held pursuant to subdivision (b) of Section 23386, Section 25503.4, subdivision (c) of Section 25503.5, or Section 25503.55.

(f) A licenseholder shall not condition the allowance of an instructional tasting event upon the use of a particular designated representative of an authorized licensee.

(g) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the licenseholder upon whose premises the instructional tasting event will be held, may list in any advertisement to the general public for the instructional tasting event the name, address, telephone number, email address, Internet Web site address, and any other electronic media of the licenseholder, the names of the alcoholic beverages being featured at the instructional tasting event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(1) The advertisement does not contain the retail price of the alcoholic beverages.

(2) The listing of the licenseholder's name, address, telephone number, email address, Internet Web site address, and any other electronic media in the advertisement is relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the licenseholder in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, illustrations, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all of the requirements of this section. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.

(h) A licenseholder may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the licenseholder. Advertising permitted by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.

(i) Except as otherwise provided in this division or rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event that includes tastings of an alcoholic beverage.

(j) The licenseholder or the authorized licensee or its designated representative is authorized to perform setup and breakdown of the instructional tasting event area. The authorized licensee or its designated representative may provide, free of charge to the licenseholder, the equipment, materials, and utensils as may be required for use in connection with the instructional tasting event.

(k) (1) A licenseholder shall not require, or enter into a collusive scheme with, an authorized licensee or its designated representative to conduct one or more instructional tasting events as a condition of the licenseholder's carrying or continuing to carry a brand or brands of the authorized licensee or as a condition for display or other merchandising plan which is based on an agreement to provide shelf space. An authorized licensee or its designated representative shall not require any preferential treatment or benefit from, or enter into a collusive scheme with, a licenseholder as a condition of conducting one or more instructional tasting events, require a licenseholder to carry or continue to carry a brand or brands of the authorized licensee as a condition of conducting one or more instructional tasting events, or condition display or other merchandising plans that are based on agreements for the provision of shelf space on the conducting of one or more instructional tasting events. Any agreement, whether written or oral, entered into by and between a licenseholder and an authorized licensee or its designated representative that precludes the conducting of instructional tasting events on the premises of the licenseholder by any other authorized licensee is prohibited. A licenseholder or authorized licensee, or its designated representative, shall not use an instructional tasting event to circumvent any other requirements of this division.

(2) In addition to any other remedies available under this division, upon a finding by the department of a failure to comply with this subdivision, the department shall suspend the instructional tasting license of the licenseholder and the privilege of the authorized licensee to conduct instructional events for not less than six months but for no more than one year.

(l) The Legislature finds that it is necessary and proper to require a separation between manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exception established by this section to the general prohibition against tied interests must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

SEC. 2.1.

Section 25503.56 of the Business and Professions Code is amended to read:

25503.56.

(a) An authorized licensee, or a designated representative of an authorized licensee acting as an agent of the authorized licensee, may conduct, on the area specified by paragraph (1) of subdivision (c) of Section 23396.6, an instructional tasting event for consumers on the subject of wine, beer, or distilled spirits, including, but not limited to, the history, nature, values, and characteristics of wine, beer, or distilled spirits, and the methods of presenting and serving wine, beer, or distilled spirits.

(1) (A) Except as provided in subparagraph (B), the instructional tasting event may include the serving of alcoholic beverages to an attendee of legal drinking age. An instructional tasting event on the subject of wine or distilled spirits shall be limited to not more than three tastings per person per day. A single tasting of distilled spirits shall not exceed one-fourth of one ounce and a single tasting of wine shall not exceed one ounce. An instructional tasting event on the subject of beer shall be limited to not more than the tasting of eight ounces of beer per person per day. The wine, beer, or distilled spirits tasted shall be limited to the products that are authorized to be sold by the authorized licensee and the licenseholder under its off-sale license.

(B) A beer and wine wholesaler may conduct an instructional tasting event but shall not serve tastes of beer unless the beer and wine wholesaler also holds a beer manufacturer's license, an out-of-state beer manufacturer's certificate, or more than six distilled spirits wholesaler's licenses.

(C) No charge of any sort shall be made for the tastings. Except for the purposes of Section 23985, the serving of tastings shall not be deemed a sale of products pursuant to this division.

(D) A person under 21 years of age shall not serve wine, beer, or distilled spirits at the instructional tasting event.

(E) All tastes shall be served by an employee of the authorized licensee, the designated representative of the authorized licensee, or by an employee of the designated representative of the authorized licensee.

(F) An authorized licensee, or a designated representative of an authorized licensee, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the licenseholder at the original invoiced cost. An authorized licensee, or a designated representative of an authorized licensee, shall purchase beer to be tasted during the instructional tasting event from the licenseholder at the original invoiced cost.

(G) Any unused wine, beer, or distilled spirits remaining from the tasting shall be removed from the off-sale licensed premises by the authorized licensee or its designated representative.

(2) If the instructional tasting event is conducted by a designated representative of an authorized licensee, the designated representative shall not be owned, controlled, or employed directly or indirectly by the licenseholder on whose premises the instructional tasting event is held.

(3) An instructional tasting event shall be limited to a single type of alcoholic beverage. For purposes of this paragraph, "type of alcoholic beverage" means distilled spirits, wine, or beer.

(b) For purposes of this section:

(1) "Authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, California brandy wholesaler, beer manufacturer, or an out-of-state beer manufacturer certificate holder. "Authorized licensee" shall not include an entity that solely holds a combination of a beer and wine wholesale license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or holds a limited off-sale retail wine license.

(2) "Licenseholder" means an off-sale retail licensee issued an instructional tasting license pursuant to Section 23396.6.

(3) "Location" means the total contiguous area encompassed by the off-sale and on-sale licenses.

(c) Notwithstanding subparagraph (E) of paragraph (1) of subdivision (a), a licenseholder may conduct an instructional tasting event that includes the serving of tastings only when an authorized licensee or its designated representative are unable to conduct an instructional tasting event previously advertised pursuant to this section and scheduled by the authorized licensee or its designated representative, provided that the licenseholder supplies the wine, beer, or distilled spirits used in the instructional tasting event and provides or pays for a person to serve the wine, beer, or distilled spirits. Instructional tasting events conducted by a licenseholder pursuant to this subdivision are subject to the provisions of this section and Section 23396.6.

(d) No more than one authorized licensee, or its designated representative, may conduct an instructional tasting event that includes the serving of tastes of wine, beer, or distilled spirits at any one individual licensed premises of a licenseholder per day.

(e) A licenseholder that also holds an on-sale beer and wine license, an on-sale beer and wine eating place license, or an on-sale general license shall not allow an authorized licensee, or its designated representative, to conduct an instructional tasting event on the same day and at the same location as any instructional tasting event held pursuant to subdivision (b) of Section 23386, Section 25503.4, subdivision (c) of Section 25503.5, or Section 25503.55.

(f) A licenseholder shall not condition the allowance of an instructional tasting event upon the use of a particular designated representative of an authorized licensee.

(g) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the licenseholder upon whose premises the instructional tasting event will be held, may list in any advertisement to the general public for the instructional tasting event the name, address, telephone number, email address, Internet Web site address, and any other electronic media of the licenseholder, the names of the alcoholic beverages being featured at the instructional tasting event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(1) The advertisement does not contain the retail price of the alcoholic beverages.

(2) The listing of the licenseholder's name, address, telephone number, email address, Internet Web site address, and any other electronic media in the advertisement is relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the licenseholder in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, illustrations, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all the requirements of this section. Nothing in

this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.

(h) A licenseholder may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the licenseholder. Advertising permitted by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.

(i) Except as otherwise provided in this division or rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event that includes tastings of an alcoholic beverage.

(j) The licenseholder or the authorized licensee or its designated representative is authorized to perform setup and breakdown of the instructional tasting event area. The authorized licensee or its designated representative may provide, free of charge to the licenseholder, the equipment, materials, and utensils as may be required for use in connection with the instructional tasting event.

(k) (1) A licenseholder shall not require, or enter into a collusive scheme with, an authorized licensee or its designated representative to conduct one or more instructional tasting events as a condition of the licenseholder's carrying or continuing to carry a brand or brands of the authorized licensee or as a condition for display or other merchandising plan which is based on an agreement to provide shelf space. An authorized licensee or its designated representative shall not require any preferential treatment or benefit from, or enter into a collusive scheme with, a licenseholder as a condition of conducting one or more instructional tasting events, require a licenseholder to carry or continue to carry a brand or brands of the authorized licensee as a condition of conducting one or more instructional tasting events, or condition display or other merchandising plans that are based on agreements for the provision of shelf space on the conducting of one or more instructional tasting events. Any agreement, whether written or oral, entered into by and between a licenseholder and an authorized licensee or its designated representative that precludes the conducting of instructional tasting events on the premises of the licenseholder by any other authorized licensee is prohibited. A licenseholder or authorized licensee, or its designated representative, shall not use an instructional tasting event to circumvent any other requirements of this division.

(2) In addition to any other remedies available under this division, upon a finding by the department of a failure to comply with this subdivision, the department shall suspend the instructional tasting license of the licenseholder and the privilege of the authorized licensee to conduct instructional events for not less than six months but for no more than one year.

(l) The Legislature finds that it is necessary and proper to require a separation between manufacturing interests, wholesale interests, and retail interests in the production and

distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exception established by this section to the general prohibition against tied interests must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

SEC. 3.

Section 25503.57 of the Business and Professions Code is amended to read:

25503.57.

(a) (1) An authorized licensee, or its designated representative, may instruct consumers at an on-sale retail licensed premises authorized to sell its product with the permission of the retail on-sale licensee. The instruction may include, without limitation, the history, nature, values, and characteristics of the wine or distilled spirits and the methods of presenting and serving the wine or distilled spirits.

(2) The instruction of consumers may include the furnishing of not more than three tastings to any individual in one day. A single tasting of distilled spirits may not exceed one-fourth of one ounce and a single tasting of wine may not exceed one ounce.

(3) The authorized licensee, or its designated representative, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the retail on-sale licensee at the original invoiced cost.

(4) The authorized licensee, or its designated representative, shall remove any unfinished alcoholic beverages that were supplied by the authorized licensee, or its designated representative, following the instruction.

(5) Nothing in this subdivision shall limit the giving away of samples pursuant to subdivision (a) of Section 23386.

(b) For purposes of this section, "authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, or California brandy wholesaler. "Authorized licensee" shall not include any person that solely holds a combination of a beer and wine wholesaler license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or in combination with a beer and wine importer general license, or holds a limited off-sale retail wine license.

(c) Except as otherwise provided in this division or by the rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized

licensee or its designated representative in connection with an instructional tasting event conducted pursuant to this section that includes tastings of wine or distilled spirits.

(d) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the retail on-sale licensee upon whose premises the instructional tasting event will be held, may list in any advertisement to the general public for the instructional tasting the name, address, telephone number, email address, Internet Web site address, and any other electronic media of the on-sale retail licensee, the names of the wines or distilled spirits being featured at the instructional tasting event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(1) The advertisement does not contain the retail price of the alcoholic beverages.

(2) The listing of the licenseholder's name, address, telephone number, email address, Internet Web site address, and any other electronic media in the advertisement is relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the licenseholder in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, illustrations, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all of the requirements of this section. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.

(e) An on-sale retail licensee may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the on-sale retail licensee. Advertising permitted by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.

(f) No more than one authorized licensee or its designated representative shall conduct an instructional tasting pursuant to this section at the on-sale retail licensed premises of an on-sale retail licensee at any time, and a person shall not act as the designated representative for more than one authorized licensee at that instructional tasting.

SEC. 3.1.

Section 25503.57 of the Business and Professions Code is amended to read:

25503.57.

(a) (1) An authorized licensee, or its designated representative, may instruct consumers at an on-sale retail licensed premises authorized to sell its product with the permission of the retail on-sale licensee. The instruction may include, without limitation, the history, nature,

values, and characteristics of the wine or distilled spirits and the methods of presenting and serving the wine or distilled spirits.

(2) The instruction of consumers may include the furnishing of not more than three tastings to any individual in one day. A single tasting of distilled spirits may not exceed one-fourth of one ounce and a single tasting of wine may not exceed one ounce.

(3) The authorized licensee, or its designated representative, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the retail on-sale licensee at the original invoiced cost.

(4) The authorized licensee, or its designated representative, shall remove any unfinished alcoholic beverages that were supplied by the authorized licensee, or its designated representative, following the instruction.

(5) Nothing in this subdivision shall limit the giving away of samples pursuant to subdivision (a) of Section 23386.

(b) For purposes of this section, "authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, or California brandy wholesaler. "Authorized licensee" shall not include any person that solely holds a combination of a beer and wine wholesaler license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or in combination with a beer and wine importer general license, or holds a limited off-sale retail wine license.

(c) Except as otherwise provided in this division or by the rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event conducted pursuant to this section that includes tastings of wine or distilled spirits.

(d) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the retail on-sale licensee upon whose premises the instructional tasting event will be held, may list in any advertisement to the general public for the instructional tasting the name, address, telephone number, email address, Internet Web site address, and any other electronic media of the on-sale retail licensee, the names of the wines or distilled spirits being featured at the instructional tasting event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

- (1) The advertisement does not contain the retail price of the alcoholic beverages.
- (2) The listing of the licenseholder's name, address, telephone number, email address, Internet Web site address, and any other electronic media in the advertisement is relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the licenseholder in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, illustrations, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all the requirements of this section. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.
- (e) An on-sale retail licensee may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the on-sale retail licensee. Advertising permitted by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.
- (f) No more than one authorized licensee or its designated representative shall conduct an instructional tasting pursuant to this section at the on-sale retail licensed premises of an on-sale retail licensee at any time, and a person shall not act as the designated representative for more than one authorized licensee at that instructional tasting.

SEC. 4.

- (a) Section 2.1 of this bill incorporates amendments to Section 25503.56 of the Business and Professions Code proposed by this bill, Assembly Bill 1891, and Senate Bill 1164. That section of this bill shall only become operative if (1) either Assembly Bill 1891 and this bill, Senate Bill 1164 and this bill, or all three bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25503.56 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 1891 or Senate Bill 1164, or both, in which case Section 2 of this bill shall not become operative.
- (b) Section 3.1 of this bill incorporates amendments to Section 25503.57 of the Business and Professions Code proposed by both this bill and Assembly Bill 1891. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25503.57 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 1891, in which case Section 3 of this bill shall not become operative.

Assembly Bill No. 2469 – (Berman) Chapter 492, Statutes of 2018 - Alcoholic beverages: beer wholesalers: beer sales.

An act to add Section 23378.05 to the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill codifies standards governing beer warehousing for beer wholesalers in the State of California. This bill requires a beer wholesaler to comply with specified requirements for any sale or offer of sale of beer within the state.

SECTION 1.

Section 23378.05 is added to the Business and Professions Code, to read:

23378.05.

(a) For any sale or offer of sale of beer by a beer wholesaler within the state, the beer wholesaler shall comply with all of the following:

(1) Pursuant to Section 25000.5, the beer wholesaler shall file and maintain with the department a written territorial agreement with each beer manufacturer prior to the wholesaler's sale or offer of sale of each beer manufacturer's beer.

(2) Pursuant to Section 25000, the beer wholesaler shall file prices with the department for each beer manufacturer's beer prior to the wholesaler's sale or offer of sale of each manufacturer's beer.

(3) (A) The beer wholesaler shall own or lease a warehouse sufficient to store at one time a stock of beer equal to 10 percent or more of the wholesaler's annual volume of beer case and keg sales to retailers within this state.

(B) The beer wholesaler shall maintain at all times in a warehouse either owned or leased by the wholesaler a stock of beer equal to not less than 5 percent of the wholesaler's annual volume of beer case and keg sales to retailers within this state.

(C) If a beer wholesaler has more than one leased or owned licensed warehouse premises, the wholesaler shall be required to comply with the conditions of subparagraphs (A) and (B) only in connection with one licensed warehouse premises.

(4) The beer wholesaler shall receive all beer for sale at the wholesaler's licensed warehouse premises, unload and maintain the beer on the premises, and record the beer into the wholesaler's inventory and for the California Beverage Container Recycling and Litter Reduction Act, prior to any sale or reloading for delivery.

(5) The beer wholesaler shall sell only beer that the wholesaler owns and has in physical possession and that is not acquired, held, or offered for sale under consignment.

(6) The beer wholesaler shall sell beer only from the wholesaler's licensed warehouse premises or pursuant to Section 23388.

(7) The beer wholesaler shall deliver all beer sold to retailers for delivery from the wholesaler's licensed warehouse premises only with equipment owned, leased, or rented by the wholesaler.

(8) The beer wholesaler shall sell beer for resale generally and not to a single retailer or retailers that have a direct or indirect interest in the wholesaler or in each other and that are owned in whole or in part or managed or controlled directly or indirectly by the retailer or retailers.

(b) For purposes of this section, "beer manufacturer" means any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

SEC. 2.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Assembly Bill No. 2914 – (Cooley), Chapter 827, Statutes 2018 – Cannabis in alcoholic beverages

An act to add Sections 25621.5 and 26070.2 to the Business and Professions Code, relating to cannabis.

Summary of Code Section Changes - This bill prohibits a cannabis licensee from selling, offering, or providing a cannabis product that is an alcoholic beverage, including, but not limited to, an infusion of cannabis or cannabinoids derived from industrial hemp into an alcoholic beverage.

This bill prohibits an alcoholic beverage licensee from, at its licensed premises, selling, offering, or providing cannabis or cannabis products, including an alcoholic beverage that contains cannabis or cannabis products, and provides that no alcoholic beverage shall be manufactured, sold, or offered for sale if it contains tetrahydrocannabinol or cannabinoids, regardless of source. The bill requires the department to take disciplinary action against a licensee who does so, including, but not limited to, suspension or revocation of the license.

SECTION 1.

Section 25621.5 is added to the Business and Professions Code, to read:

25621.5.

(a) A licensee shall not, at its licensed premises, sell, offer, or provide cannabis or cannabis products, as defined in Section 26001, including an alcoholic beverage that contains cannabis or a cannabis product, and no alcoholic beverage shall be manufactured, sold, or offered for sale if it contains tetrahydrocannabinol or cannabinoids, regardless of source.

(b) The department shall take disciplinary action against a licensee that violates this section, including, but not limited to, suspension or revocation of the license.

SEC. 2.

Section 26070.2 is added to the Business and Professions Code, to read:

26070.2.

A licensee shall not sell, offer, or provide a cannabis product that is an alcoholic beverage, including, but not limited to, an infusion of cannabis or cannabinoids derived from industrial hemp into an alcoholic beverage.

**Assembly Bill No. 3264 – (Committee on Governmental Organization),
Chapter 727, Statutes of 2018 - Alcoholic beverages: licensees**

An act to add Section 25503.51 to, and to amend Sections 24049.5 and 25600 of, the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill allows a distilled spirits wholesaler and a craft distiller to instruct or conduct courses of instruction on distilled spirits, including, but not limited to, the history, nature, values, characteristics, related terminology, and the methods of handling, presenting, and serving those beverages for licensees and their employees.

This bill prohibits the Department of Alcoholic Beverage Control from approving, by rule or decision, glassware as an authorized retailer advertising specialty for distilled spirits or wine.

This bill incorporates additional changes to Section 25600 of the Business and Professions Code outlined in SB 973 (Dodd) Chapter 689, Statutes 2018.

SECTION 1.

Section 24049.5 of the Business and Professions Code is amended to read:

24049.5.

(a) The State Board of Equalization or the Franchise Tax Board may seize and sell the license of an off-sale or on-sale general licensee that, upon termination of business, is delinquent in the payment of taxes due under the Sales and Use Tax Law, Personal Income Tax Law, or Corporation Tax Law, respectively. In order for a seizure and sale of a license to

be accomplished under this section, the licensee shall have either surrendered the license to the department or failed to pay the annual renewal fee to the department. Immediately upon seizure the State Board of Equalization or Franchise Tax Board shall give written notice by first-class mail to the department and to the licensee of the seizure and of the intention of the board to sell the license. The seizure and sale shall be in accordance with the provisions of Article 6 (commencing with Section 6796) of Chapter 6 of Part 1 of Division 2 of the Revenue and Taxation Code or Article 4 (commencing with Section 19251) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code, respectively, and with the provisions of this division. Nothing within these provisions shall be construed to permit the State Board of Equalization or Franchise Tax Board to sell alcoholic beverages.

(b) For the purposes of this section, “termination of business” means the licensee has ceased business operations and has either surrendered the license to the department or the license has expired pursuant to Section 24048.

(c) The licensee may redeem the license at any time before the date of sale of the license by the board or the appropriate reinstatement deadline, whichever occurs first, by conforming to the requirements for reinstatement of a license pursuant to subdivision (f) of Section 24048.

The person who purchases the license at the sale may reinstate the license by paying the applicable fees, but the transfer shall be effective only on approval of the department after the purchaser has complied with the requirements for transfer provided in this division.

(d) Paragraph (1) of subdivision (a) of Section 699.720 of the Code of Civil Procedure shall not be construed to limit the authority of the State Board of Equalization or the Franchise Tax Board to seize and sell licenses pursuant to this section.

SEC. 2.

Section 25503.51 is added to the Business and Professions Code, to read:

25503.51.

(a) A distilled spirits wholesaler or craft distiller may, without charge, instruct licensees and their employees, or conduct courses of instruction for licensees and their employees, on the subject of distilled spirits, including, but not limited to, the history, nature, values, characteristics, and related terminology of distilled spirits, and the methods of handling, presenting, and serving distilled spirits. The distilled spirits manufacturer or distilled spirits manufacturer’s agent may furnish distilled spirits and the equipment, materials, and utensils that may be required for use in connection with the instruction or courses of instruction.

(b) The instruction or courses of instruction, authorized in subdivision (a), may be given at the premises of the distilled spirits wholesaler or craft distiller, or of a licensee, including an on-sale retail licensee, or elsewhere.

SEC. 3.

Section 25600 of the Business and Professions Code is amended to read:

25600.

(a) (1) No licensee shall, directly or indirectly, give any premium, gift, or free goods in connection with the sale or distribution of any alcoholic beverage, except as provided by rules that shall be adopted by the department to implement this section or as authorized by this division.

(2) (A) Notwithstanding paragraph (1), for purposes of this section, a refund to, or exchange of products for, a dissatisfied consumer by a licensee authorized to sell to consumers shall not be deemed a premium, gift, or free goods given in connection with the sale or distribution of an alcoholic beverage.

(B) A winegrower may advertise or otherwise offer consumers a guarantee of product satisfaction only in newsletters or other publications of the winegrower or at the winegrower's premises. A winegrower may refund to a dissatisfied consumer the entire purchase price of wine produced by that winegrower and sold to that consumer, regardless of where the wine was purchased.

(b) (1) Except as provided in paragraph (2), no rule of the department may permit a licensee to give any premium, gift, or free goods of greater than inconsequential value in connection with the sale or distribution of beer. With respect to beer, premiums, gifts, or free goods, including advertising specialties that have no significant utilitarian value other than advertising, shall be deemed to have greater than inconsequential value if they cost more than twenty-five cents (\$0.25) per unit, or cost more than fifteen dollars (\$15) in the aggregate for all those items given by a single supplier to a single retail premises per calendar year.

(2) (A) No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a beer manufacturer to the general public other than three dollars (\$3) per unit original cost to the beer manufacturer who purchased it.

(B) With respect to beer, a beer manufacturer may give consumer advertising specialties to the general public that do not exceed three dollars (\$3) per unit original cost to the beer manufacturer who purchased it. For purposes of this paragraph, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, an out-of-state vendor that holds a certificate of compliance, or a holder of a beer and wine importer's general license. A licensee authorized to give consumer advertising specialties pursuant to this paragraph shall not be precluded from doing so on the basis of holding any other type of alcoholic beverage license.

(C) A beer manufacturer, as defined in subparagraph (B) of paragraph (2) shall not require a beer wholesaler to fund the purchase of consumer advertising specialties that beer manufacturers are permitted to give under paragraph (2).

(D) Consumer advertising specialties furnished by a beer manufacturer are intended only for adults of legal drinking age. Coin banks, toys, balloons, magic tricks, miniature bottles or cans, confections, dolls, or other items that appeal to minors or underage drinkers may not be used in connection with the merchandising of beer.

(c) With respect to distilled spirits and wines, a licensee may furnish, give, rent, loan, or sell advertising specialties to a retailer, provided those items bear conspicuous advertising required of a sign and the total value of all retailer advertising specialties furnished by a supplier, directly or indirectly, to a retailer do not exceed fifty dollars (\$50) per brand in any one calendar year per retail premises. The value of a retailer advertising specialty is the actual cost of that item to the supplier who initially purchased it, excluding transportation and installation costs. The furnishing or giving of any retailer advertising specialty shall not be conditioned upon the purchase of the supplier's product. Retail advertising specialties given or furnished free of charge may not be sold by the retail licensee. No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a distilled spirits supplier to a retailer or to the general public of less than five dollars (\$5) per unit original cost to the supplier who purchased it. A rule or decision of the department may not approve glassware as an authorized retailer advertising specialty for distilled spirits or wine under this section.

(d) Notwithstanding any other provision of this division, a beer manufacturer may provide directly to consumers free or discounted rides through taxicabs, transportation network companies, or any other ride service for the purpose of furthering public safety. The free or discounted rides may be provided by vouchers, codes, or any other method to deliver the free or discounted ride. A free or discounted ride, or the provision of a voucher, code, or other method of delivery, shall not be conditioned upon the purchase of an alcoholic beverage. A beer and wine wholesaler shall not directly or indirectly underwrite, share in, or contribute to, the costs of free or discounted rides or serve as an agent of a beer manufacturer to provide free or discounted rides to consumers. Nothing in this provision authorizes a beer manufacturer to provide a gift or anything of value directly or indirectly to a retail licensee. For purposes of this subdivision, "beer manufacturer" has the same meaning as defined in subparagraph (B) of paragraph (2) of subdivision (b).

(e) For purposes of this section, "glassware" means a single-service glass container or nonglass container capable of holding no more than 23 ounces of liquid volume or a decanter, chalice, infusion jar, or similar container of any size and made of any material.

SEC. 3.5.

Section 25600 of the Business and Professions Code is amended to read:

25600.

(a) (1) No licensee shall, directly or indirectly, give any premium, gift, or free goods in connection with the sale or distribution of any alcoholic beverage, except as provided by

rules that shall be adopted by the department to implement this section or as authorized by this division.

(2) (A) Notwithstanding paragraph (1), for purposes of this section, a refund to, or exchange of products for, a dissatisfied consumer by a licensee authorized to sell to consumers shall not be deemed a premium, gift, or free goods given in connection with the sale or distribution of an alcoholic beverage.

(B) A winegrower may advertise or otherwise offer consumers a guarantee of product satisfaction only in newsletters or other publications of the winegrower or at the winegrower's premises. A winegrower may refund to a dissatisfied consumer the entire purchase price of wine produced by that winegrower and sold to that consumer, regardless of where the wine was purchased.

(b) (1) Except as provided in paragraph (2), no rule of the department may permit a licensee to give any premium, gift, or free goods of greater than inconsequential value in connection with the sale or distribution of beer. With respect to beer, premiums, gifts, or free goods, including advertising specialties that have no significant utilitarian value other than advertising, shall be deemed to have greater than inconsequential value if they cost more than twenty-five cents (\$0.25) per unit, or cost more than fifteen dollars (\$15) in the aggregate for all those items given by a single supplier to a single retail premises per calendar year.

(2) (A) No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a beer manufacturer to the general public other than three dollars (\$3) per unit original cost to the beer manufacturer who purchased it.

(B) With respect to beer, a beer manufacturer may give consumer advertising specialties to the general public that do not exceed three dollars (\$3) per unit original cost to the beer manufacturer who purchased it. For purposes of this paragraph, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, an out-of-state vendor that holds a certificate of compliance, or a holder of a beer and wine importer's general license. A licensee authorized to give consumer advertising specialties pursuant to this paragraph shall not be precluded from doing so on the basis of holding any other type of alcoholic beverage license.

(C) A beer manufacturer, as defined in subparagraph (B) of paragraph (2) shall not require a beer wholesaler to fund the purchase of consumer advertising specialties that beer manufacturers are permitted to give under paragraph (2).

(D) Consumer advertising specialties furnished by a beer manufacturer are intended only for adults of legal drinking age. Coin banks, toys, balloons, magic tricks, miniature bottles or cans, confections, dolls, or other items that appeal to minors or underage drinkers may not be used in connection with the merchandising of beer.

(c) With respect to distilled spirits and wines, a licensee may furnish, give, rent, loan, or sell advertising specialties to a retailer, provided those items bear conspicuous advertising required of a sign and the total value of all retailer advertising specialties furnished by a supplier, directly or indirectly, to a retailer do not exceed fifty dollars (\$50) per brand in any one calendar year per retail premises. The value of a retailer advertising specialty is the actual cost of that item to the supplier who initially purchased it, excluding transportation and installation costs. The furnishing or giving of any retailer advertising specialty shall not be conditioned upon the purchase of the supplier's product. Retail advertising specialties given or furnished free of charge may not be sold by the retail licensee. No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a distilled spirits supplier to a retailer or to the general public of less than five dollars (\$5) per unit original cost to the supplier who purchased it. A rule or decision of the department may not approve glassware as an authorized retailer advertising specialty for distilled spirits or wine under this section.

(d) (1) Notwithstanding any other provision of this division, a beer manufacturer or distilled spirits manufacturer may provide directly to consumers free or discounted rides through taxicabs, transportation network companies, or any other ride service for the purpose of furthering public safety. The free or discounted rides may be provided by vouchers, codes, or any other method to deliver the free or discounted ride. A free or discounted ride, or the provision of a voucher, code, or other method of delivery, shall not be conditioned upon the purchase of an alcoholic beverage. A beer and wine wholesaler or distilled spirits importer general that holds a wholesaler's or retailer's license only as an additional license shall not directly or indirectly underwrite, share in, or contribute to, the costs of free or discounted rides or serve as an agent of a beer manufacturer or distilled spirits manufacturer to provide free or discounted rides to consumers. Nothing in this provision authorizes a beer manufacturer or distilled spirits manufacturer to provide a gift or anything of value directly or indirectly to a retail licensee.

(2) For purposes of this section:

(A) "Beer manufacturer" has the same meaning as defined in subparagraph (B) of paragraph (2) of subdivision (b).

(B) "Distilled spirits manufacturer" means a distilled spirits manufacturer, holder of a distilled spirits rectifier's general license, distilled spirits manufacturer's agent, brandy manufacturer, holder of an out-of-state distilled spirits shipper's certificate, holder of a distilled spirits importer general's license, or craft distiller.

(C) "Glassware" means a single-service glass container or nonglass container capable of holding no more than 23 ounces of liquid volume or a decanter, chalice, infusion jar, or similar container of any size and made of any material.

SEC. 4.

Section 3.5 of this bill incorporates amendments to Section 25600 of the Business and Professions Code proposed by both this bill and Senate Bill 973. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25600 of the Business and Professions Code, and (3) this bill is enacted after Senate Bill 973, in which case Section 3 of this bill shall not become operative.

Senate Bills

Senate Bill No. 973 – (Dodd) - Alcoholic beverages: annual license fees: surcharge: distilled spirits manufacturers: free or discounted rides.

An act to amend Sections 23320.5 and 25600 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill increases the ABC license surcharge which funds the California Highway Patrol's Designated Driver Program from \$5 to \$10 and requires the Department of California Highway Patrol to prioritize the expenditure of the funds received from the imposition of the surcharge for outreach and education activities in, and adjacent to, individual events or venues, as specified.

This bill also authorizes a distilled spirits manufacturer, as defined, to provide consumers free or discounted rides, as specified, for the purpose of furthering public safety, and prohibits the distilled spirits manufacturer from conditioning a free or discounted ride upon the purchase of an alcoholic beverage. The bill also prohibits a distilled spirits importer general, as described, from directly or indirectly underwriting, sharing in, or contributing to, the costs of free or discounted rides or from serving as an agent of a distilled spirits manufacturer to provide free or discounted rides to consumers.

This bill incorporates additional changes to Section 25600 of the Business and Professions Code outlined in AB 3264, Chapter 727, Statutes of 2018

SECTION 1.

Section 23320.5 of the Business and Professions Code is amended to read:

23320.5.

(a) In addition to the annual fees provided for in Section 23320, the department shall collect a surcharge of ten dollars (\$10).

(b) (1) All money collected from the surcharge described in subdivision (a) shall be deposited in the Motor Vehicle Account in the State Transportation Fund, and shall be used for the Department of the California Highway Patrol's Designated Driver Program, when appropriated to the Department of the California Highway Patrol for that purpose.

(2) The Department of California Highway Patrol shall prioritize the expenditure of funds received pursuant to this subdivision for the Designated Driver Program's outreach and education activities in, and adjacent to, individual events or venues, including, but not limited to, stadiums, parks, entertainment complexes, and arenas.

SEC. 2.

Section 25600 of the Business and Professions Code is amended to read:

25600.

(a) (1) No licensee shall, directly or indirectly, give any premium, gift, or free goods in connection with the sale or distribution of any alcoholic beverage, except as provided by rules that shall be adopted by the department to implement this section or as authorized by this division.

(2) (A) Notwithstanding paragraph (1), for purposes of this section, a refund to, or exchange of products for, a dissatisfied consumer by a licensee authorized to sell to consumers shall not be deemed a premium, gift, or free goods given in connection with the sale or distribution of an alcoholic beverage.

(B) A winegrower may advertise or otherwise offer consumers a guarantee of product satisfaction only in newsletters or other publications of the winegrower or at the winegrower's premises. A winegrower may refund to a dissatisfied consumer the entire purchase price of wine produced by that winegrower and sold to that consumer, regardless of where the wine was purchased.

(b) (1) Except as provided in paragraph (2), no rule of the department may permit a licensee to give any premium, gift, or free goods of greater than inconsequential value in connection with the sale or distribution of beer. With respect to beer, premiums, gifts, or free goods, including advertising specialties that have no significant utilitarian value other than advertising, shall be deemed to have greater than inconsequential value if they cost more than twenty-five cents (\$0.25) per unit, or cost more than fifteen dollars (\$15) in the aggregate for all those items given by a single supplier to a single retail premises per calendar year.

(2) (A) No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a beer manufacturer to the general public other than three dollars (\$3) per unit original cost to the beer manufacturer who purchased it.

(B) With respect to beer, a beer manufacturer may give consumer advertising specialties to the general public that do not exceed three dollars (\$3) per unit original cost to the beer manufacturer who purchased it. For purposes of this paragraph, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, an out-of-state vendor that holds a certificate of compliance, or a holder of a beer and wine importer's general license. A licensee authorized to give

consumer advertising specialties pursuant to this paragraph shall not be precluded from doing so on the basis of holding any other type of alcoholic beverage license.

(C) A beer manufacturer, as defined in subparagraph (B) of paragraph (2) shall not require a beer wholesaler to fund the purchase of consumer advertising specialties that beer manufacturers are permitted to give under paragraph (2).

(D) Consumer advertising specialties furnished by a beer manufacturer are intended only for adults of legal drinking age. Coin banks, toys, balloons, magic tricks, miniature bottles or cans, confections, dolls, or other items that appeal to minors or underage drinkers may not be used in connection with the merchandising of beer.

(c) With respect to distilled spirits and wines, a licensee may furnish, give, rent, loan, or sell advertising specialties to a retailer, provided those items bear conspicuous advertising required of a sign and the total value of all retailer advertising specialties furnished by a supplier, directly or indirectly, to a retailer do not exceed fifty dollars (\$50) per brand in any one calendar year per retail premises. The value of a retailer advertising specialty is the actual cost of that item to the supplier who initially purchased it, excluding transportation and installation costs. The furnishing or giving of any retailer advertising specialty shall not be conditioned upon the purchase of the supplier's product. Retail advertising specialties given or furnished free of charge may not be sold by the retail licensee. No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a distilled spirits supplier to a retailer or to the general public of less than five dollars (\$5) per unit original cost to the supplier who purchased it.

(d) (1) Notwithstanding any other provision of this division, a beer manufacturer or distilled spirits manufacturer may provide directly to consumers free or discounted rides through taxicabs, transportation network companies, or any other ride service for the purpose of furthering public safety. The free or discounted rides may be provided by vouchers, codes, or any other method to deliver the free or discounted ride. A free or discounted ride, or the provision of a voucher, code, or other method of delivery, shall not be conditioned upon the purchase of an alcoholic beverage. A beer and wine wholesaler or distilled spirits importer general that holds a wholesaler's or retailer's license only as an additional license shall not directly or indirectly underwrite, share in, or contribute to, the costs of free or discounted rides or serve as an agent of a beer manufacturer or distilled spirits manufacturer to provide free or discounted rides to consumers. Nothing in this provision authorizes a beer manufacturer or distilled spirits manufacturer to provide a gift or anything of value directly or indirectly to a retail licensee.

(2) For purposes of this section:

(A) "Beer manufacturer" has the same meaning as defined in subparagraph (B) of paragraph (2) of subdivision (b).

(B) "Distilled spirits manufacturer" means a distilled spirits manufacturer, holder of a distilled spirits rectifier's general license, distilled spirits manufacturer's agent, brandy

manufacturer, holder of an out-of-state distilled spirits shipper's certificate, holder of a distilled spirits importer general's license, or craft distiller.

SEC. 2.5.

Section 25600 of the Business and Professions Code is amended to read:

25600.

(a) (1) No licensee shall, directly or indirectly, give any premium, gift, or free goods in connection with the sale or distribution of any alcoholic beverage, except as provided by rules that shall be adopted by the department to implement this section or as authorized by this division.

(2) (A) Notwithstanding paragraph (1), for purposes of this section, a refund to, or exchange of products for, a dissatisfied consumer by a licensee authorized to sell to consumers shall not be deemed a premium, gift, or free goods given in connection with the sale or distribution of an alcoholic beverage.

(B) A winegrower may advertise or otherwise offer consumers a guarantee of product satisfaction only in newsletters or other publications of the winegrower or at the winegrower's premises. A winegrower may refund to a dissatisfied consumer the entire purchase price of wine produced by that winegrower and sold to that consumer, regardless of where the wine was purchased.

(b) (1) Except as provided in paragraph (2), no rule of the department may permit a licensee to give any premium, gift, or free goods of greater than inconsequential value in connection with the sale or distribution of beer. With respect to beer, premiums, gifts, or free goods, including advertising specialties that have no significant utilitarian value other than advertising, shall be deemed to have greater than inconsequential value if they cost more than twenty-five cents (\$0.25) per unit, or cost more than fifteen dollars (\$15) in the aggregate for all those items given by a single supplier to a single retail premises per calendar year.

(2) (A) No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a beer manufacturer to the general public other than three dollars (\$3) per unit original cost to the beer manufacturer who purchased it.

(B) With respect to beer, a beer manufacturer may give consumer advertising specialties to the general public that do not exceed three dollars (\$3) per unit original cost to the beer manufacturer who purchased it. For purposes of this paragraph, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, an out-of-state vendor that holds a certificate of compliance, or a holder of a beer and wine importer's general license. A licensee authorized to give consumer advertising specialties pursuant to this paragraph shall not be precluded from doing so on the basis of holding any other type of alcoholic beverage license.

(C) A beer manufacturer, as defined in subparagraph (B) of paragraph (2) shall not require a beer wholesaler to fund the purchase of consumer advertising specialties that beer manufacturers are permitted to give under paragraph (2).

(D) Consumer advertising specialties furnished by a beer manufacturer are intended only for adults of legal drinking age. Coin banks, toys, balloons, magic tricks, miniature bottles or cans, confections, dolls, or other items that appeal to minors or underage drinkers may not be used in connection with the merchandising of beer.

(c) With respect to distilled spirits and wines, a licensee may furnish, give, rent, loan, or sell advertising specialties to a retailer, provided those items bear conspicuous advertising required of a sign and the total value of all retailer advertising specialties furnished by a supplier, directly or indirectly, to a retailer do not exceed fifty dollars (\$50) per brand in any one calendar year per retail premises. The value of a retailer advertising specialty is the actual cost of that item to the supplier who initially purchased it, excluding transportation and installation costs. The furnishing or giving of any retailer advertising specialty shall not be conditioned upon the purchase of the supplier's product. Retail advertising specialties given or furnished free of charge may not be sold by the retail licensee. No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a distilled spirits supplier to a retailer or to the general public of less than five dollars (\$5) per unit original cost to the supplier who purchased it. A rule or decision of the department may not approve glassware as an authorized retailer advertising specialty for distilled spirits or wine under this section.

(d) (1) Notwithstanding any other provision of this division, a beer manufacturer or distilled spirits manufacturer may provide directly to consumers free or discounted rides through taxicabs, transportation network companies, or any other ride service for the purpose of furthering public safety. The free or discounted rides may be provided by vouchers, codes, or any other method to deliver the free or discounted ride. A free or discounted ride, or the provision of a voucher, code, or other method of delivery, shall not be conditioned upon the purchase of an alcoholic beverage. A beer and wine wholesaler or distilled spirits importer general that holds a wholesaler's or retailer's license only as an additional license shall not directly or indirectly underwrite, share in, or contribute to, the costs of free or discounted rides or serve as an agent of a beer manufacturer or distilled spirits manufacturer to provide free or discounted rides to consumers. Nothing in this provision authorizes a beer manufacturer or distilled spirits manufacturer to provide a gift or anything of value directly or indirectly to a retail licensee.

(2) For purposes of this section:

(A) "Beer manufacturer" has the same meaning as defined in subparagraph (B) of paragraph (2) of subdivision (b).

(B) "Distilled spirits manufacturer" means a distilled spirits manufacturer, holder of a distilled spirits rectifier's general license, distilled spirits manufacturer's agent, brandy

manufacturer, holder of an out-of-state distilled spirits shipper's certificate, holder of a distilled spirits importer general's license, or craft distiller.

(C) "Glassware" means a single-service glass container or nonglass container capable of holding no more than 23 ounces of liquid volume or a decanter, chalice, infusion jar, or similar container of any size and made of any material.

SEC. 3.

Section 2.5 of this bill incorporates amendments to Section 25600 of the Business and Professions Code proposed by both this bill and Assembly Bill 3264. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25600 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 3264, in which case Section 2 of this bill shall not become operative.

SEC. 4.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Senate Bill No. 1164 (Skinner), Chapter 695, Statutes of 2018 – Craft distillers

An act to amend Sections 23363.1, 23502, 23504, 23771, 25173, 25503.3, 25503.5, 25503.56, and 25503.9 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes – This bill contains a number of provisions granting tied-house exceptions for Craft Distillers.

(1) This bill increases the maximum amount of distilled spirits that a craft distiller is permitted to manufacture to 150,000 gallons. The bill prohibits the department from issuing a craft distiller's license to any person that manufactures, or has manufactured for it, more than 150,000 gallons of distilled spirits per year, as described above. The bill also eliminates the requirement that the prepackaged containers of the licensee's spirits described above, be sold only to a person attending these tastings. The bill makes a conforming change in connection with tastings.

(2) Existing law makes it a crime for various alcoholic beverage licensees to deliver un-denatured ethyl alcohol or other distilled spirits in packages of more than one gallon for use in the trades, professions, or industries, unless the package is plainly labeled, as specified.

This bill applies these provisions to craft distillers.

(3) Existing law authorizes various alcoholic beverage licensees, including distilled spirits manufacturers, to serve and provide food, beverages, and entertainment at conventions and trade shows of bona fide trade associations and to advertise in regular publications of specified trade associations, among other things. Existing law authorizes various alcoholic beverage licensees, including distilled spirits manufacturers, to provide instruction and to conduct courses on their respective beverages for licensees and to provide beverages in this context. Existing law provides a similar authorization to provide instructional tasting events to consumers and prescribes a variety of limits and conditions in this regard, including restrictions on the number and size of tastings, who may serve them, and how often they may be conducted.

This bill extends the authorizations described above to craft distillers.

(4) Existing law provides that the Alcoholic Beverage Control Act does not prohibit various alcoholic beverage licensees, including distilled spirits manufacturers, from giving or selling beverages, as specified, to certain charities and prescribes conditions in this regard.

This bill applies these provisions to craft distillers.

This bill also makes technical and conforming changes.

(5) This bill incorporates additional changes to Section 25503.56 of the Business and Professions Code proposed by AB 2452 to be operative only if this bill and AB 2452 are enacted and this bill is enacted last.

This bill incorporates additional changes to Section 25503.9 of the Business and Professions Code proposed by AB 1986 to be operative only if this bill and AB 1986 are enacted and this bill is enacted last.

(6) By expanding the definition of a crime, this bill imposes a state-mandated local program.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill provides that no reimbursement is required by this act for a specified reason.

SECTION 1.

The Legislature finds and declares the following:

(a) It is necessary and proper to require a separation among manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical

integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques.

(b) The exceptions established by this section to the general prohibition against tied interests are to be limited to their express terms, so as not to undermine the general prohibition, and this section shall be construed accordingly.

(c) It is the intent of the Legislature, in enacting this act, to clarify existing law that encourages the development of the craft distilling industry within the state through the enactment of various limited exemptions to the general provisions of the three-tier system, while also continuing to uphold and support the three-tier system as the appropriate mechanism for regulating and licensing the sale of distilled spirits in California.

SEC. 2.

Section 23363.1 of the Business and Professions Code is amended to read:

23363.1.

(a) A distilled spirits manufacturer's license or a craft distiller's license authorizes the licensee to conduct tastings of distilled spirits produced or bottled by, or produced or bottled for, the licensee, on or off the licensee's premises.

(b) (1) Distilled spirits tastings may be conducted by the licensee off the licensee's premises only for an event sponsored by a nonprofit organization. A distilled spirits manufacturer shall not sell or solicit sales of distilled spirits at an event. The sponsoring organization shall first obtain a permit from the department.

(2) For purposes of this subdivision, "nonprofit organization" does not include any community college or other institution of higher learning, as defined in the Education Code, nor does it include any officially recognized club, fraternity, or sorority, whether or not that entity is located on or off the institution's campus.

(c) Tastings on the licensee's premises shall be subject to the following conditions:

(1) The total volume of tastings of distilled spirits shall not exceed one and one-half ounces per individual per day.

(2) Tastings shall only include the products that are authorized to be produced or bottled by or for the licensee.

(3) A person under 21 years of age shall not serve tastes of distilled spirits.

(d) Notwithstanding Section 25600, the licensee may provide distilled spirits without charge for any tastings conducted pursuant to this section. The licensee may charge for tastings conducted by the licensee on its licensed premises.

(e) This section shall not relieve the holder of a craft distiller's license or a distilled spirits manufacturer's license of any civil or criminal liability arising out of a violation of Section 25602.

SEC. 3.

Section 23502 of the Business and Professions Code is amended to read:

23502.

(a) The department may issue a craft distiller's license to a person that has facilities and equipment for the purposes of, and is engaged in, the commercial manufacture of distilled spirits. The craft distiller's license authorizes the licensee to do all of the following:

(1) Manufacture distilled spirits. For purposes of this article, "manufacture" means the actual distillation of distilled spirits from naturally fermented materials or the redistillation of distilled spirits obtained from another manufacturer of distilled spirits.

(2) Produce distilled spirits. For purposes of this article, "produce" means to mix, color, flavor, or blend distilled spirits, whether manufactured by the licensee or by another manufacturer of distilled spirits.

(3) Only sell distilled spirits that are manufactured or produced by the licensee solely to a wholesaler, manufacturer, winegrower, manufacturer's agent, or rectifier that holds a license authorizing the sale of distilled spirits or to persons that take delivery of those distilled spirits within this state for delivery or use without the state.

(4) Deal in warehouse receipts.

(5) Manufacture or produce up to 150,000 gallons of distilled spirits per fiscal year (July 1 through June 30), excluding brandy the craft distiller manufactures or has manufactured for it pursuant to a brandy manufacturer license, as reported to the department in the manner prescribed by the department for the fiscal year prior to the date of submitting an application for the license. At least 65 percent of the total volume of distilled spirits manufactured or produced shall be actually manufactured by the licensee. The volume of distilled spirits authorized by this paragraph shall be calculated by adding the volume of distilled spirits, less waste, drawn off the still with the volume of distilled spirits obtained by the licensee from any other source that is not redistilled by the licensee. For purposes of this paragraph, "volume" means the liquid volume and shall not be based on proof gallons or packaged goods.

(b) A craft distiller's license shall not be issued to any person, any officer, director, employee, or agent of such person, or any person who is affiliated with, directly or indirectly, a person that manufactures or has manufactured for them more than 150,000 gallons of distilled spirits per year within or without the state, excluding brandy it manufactures or has manufactured for them pursuant to a brandy manufacturer license, or to any person that is affiliated with, directly or indirectly, a wholesaler.

(c) (1) The fee for an original craft distiller's license issued pursuant to this section shall be consistent with the distilled spirits manufacturer's license and shall be adjusted pursuant to subdivisions (b) and (c) of Section 23320.

(2) The annual license fee for a craft distiller's license shall be consistent with the distilled spirits manufacturer's license and shall be adjusted pursuant to subdivisions (b) and (c) of Section 23320.

(3) All moneys collected as fees pursuant to this section shall be deposited in the Alcohol Beverage Control Fund as provided in Section 25761.

(d) A licensed craft distiller shall report to the department, at the time of renewal in the manner prescribed by the department, the amount of distilled spirits manufactured or produced by the licensee specifying, as applicable, the respective amounts of distilled spirits the licensed craft distiller has manufactured itself, obtained from another manufacturer of distilled spirits, and imported, excluding brandy manufactured by or for the licensee pursuant to a brandy manufacturer license, during the previous fiscal year. If the report to the department establishes that the licensee no longer qualifies to hold a craft distiller's license because the licensee has either exceeded the 150,000 gallon manufacture or production limitation as specified in paragraph (5) of subdivision (a) or actually manufactured less than 65 percent of the total volume of distilled spirits as specified in paragraph (5) of subdivision (a), the department shall renew the license as a distilled spirits manufacturer's license.

SEC. 4.

Section 23504 of the Business and Professions Code is amended to read:

23504.

Notwithstanding any other provision, a licensed craft distiller may sell up to the equivalent of 2.25 liters in any combination of prepackaged containers per day per consumer of distilled spirits manufactured or produced by the licensee at its premises to a consumer.

SEC. 5.

Section 23771 of the Business and Professions Code is amended to read:

23771.

Except as provided in Section 23771.5, a distilled spirits license of any kind, except a distilled spirits manufacturer's, a craft distiller's, or a distilled spirits manufacturer's agent's license, shall not be issued to any person, or to any officer, director, employee, or agent of any person that manufactures distilled spirits within or without this state.

SEC. 6.

Section 25173 of the Business and Professions Code is amended to read:

25173.

Any industrial alcohol dealer, distilled spirits manufacturer, craft distiller, brandy manufacturer, or rectifier who delivers undenatured ethyl alcohol or other distilled spirits in packages of more than one gallon for use in the trades, professions, or industries is guilty of a misdemeanor, unless the packages bear a label plainly stating the true and correct name and address of the industrial alcohol dealer, distilled spirits manufacturer, brandy manufacturer, or rectifier.

SEC. 7.

Section 25503.3 of the Business and Professions Code is amended to read:

25503.3.

(a) Notwithstanding any other provision of this division, any winegrower, beer manufacturer, brandy manufacturer, distilled spirits manufacturer, craft distiller, or distilled spirits manufacturer's agent may, at parties held, or in hospitality rooms maintained, in conjunction with meetings, conventions, or combined conventions and trade shows of bona fide trade associations of retail licensees, serve and provide free of charge, food, alcoholic and nonalcoholic beverages, entertainment, and recreational activities to the retail licensees and their guests while attending those meetings, conventions, or combined conventions and trade shows. Additionally, any person specified in this section may pay a fee to the bona fide trade association for the privilege of providing food, alcoholic or nonalcoholic beverages, entertainment, or recreational activities, or for display booth space, as long as the fee is at the same rate charged all suppliers.

(b) Any person specified in subdivision (a) may advertise in any regular publication of a bona fide trade association the members of which are food or alcoholic beverage retailers, if that publication does not advertise on behalf of, or directly benefit, any individual retail licensee. The advertising fee paid to the bona fide trade association or its agent shall be at the same rate charged all advertisers.

(c) Any person specified in subdivision (a) may pay membership dues to a bona fide trade association as long as the dues are at the same rate charged all nonretail members of the association.

(d) A licensed beer manufacturer or a brewpub-restaurant licensee may serve, for consumption on the premises, beer produced by the licensed beer manufacturer or brewpub-restaurant licensee to attendees at a meeting of a bona fide beer manufacturer trade association or brewers' guild held on the premises of a licensed beer manufacturer.

SEC. 8.

Section 25503.5 of the Business and Professions Code is amended to read:

25503.5.

(a) A winegrower, beer manufacturer, or a beer and wine wholesaler may, without charge, instruct licensees and their employees, or conduct courses of instruction for licensees and their employees, on the subject of wine or beer, including, but not limited to, the history, nature, values, composition, and characteristics of wine or beer, the use of wine lists, and the methods of presenting and serving wine or beer. The winegrower, beer manufacturer, or beer and wine wholesaler may furnish wine or beer and the equipment, materials, and utensils that may be required for use in connection with the instruction or courses of instruction.

(b) A craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits general rectifier, or distilled spirits general importer may, without charge, instruct licensees and their employees, or conduct courses of instruction for licensees and their employees, on the subject of distilled spirits, including, but not limited to, the history, nature, values, and characteristics of distilled spirits, and the methods of presenting and serving distilled spirits. The craft distiller, distilled spirits manufacturer, or distilled spirits manufacturer's agent may furnish distilled spirits and the equipment, materials, and utensils that may be required for use in connection with the instruction or courses of instruction.

(c) The instruction or courses of instruction, authorized in subdivision (a) or (b), may be given at the premises of the winegrower, beer manufacturer, beer and wine wholesaler, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits general rectifier, distilled spirits general importer, or of a licensee, including an on-sale retail licensee, or elsewhere.

SEC. 9.

Section 25503.56 of the Business and Professions Code is amended to read:

25503.56.

(a) An authorized licensee, or a designated representative of an authorized licensee acting as an agent of the authorized licensee, may conduct, on the area specified by paragraph (1) of subdivision (c) of Section 23396.6, an instructional tasting event for consumers on the subject of wine, beer, or distilled spirits, including, but not limited to, the history, nature, values, and characteristics of wine, beer, or distilled spirits, and the methods of presenting and serving wine, beer, or distilled spirits.

(1) (A) Except as provided in subparagraph (B), the instructional tasting event may include the serving of alcoholic beverages to an attendee of legal drinking age. An instructional tasting event on the subject of wine or distilled spirits shall be limited to not more than three tastings per person per day. A single tasting of distilled spirits shall not exceed one-fourth of one ounce and a single tasting of wine shall not exceed one ounce. An instructional tasting event on the subject of beer shall be limited to not more than the

tasting of eight ounces of beer per person per day. The wine, beer, or distilled spirits tasted shall be limited to the products that are authorized to be sold by the authorized licensee and the licenseholder under its off-sale license.

(B) A beer and wine wholesaler may conduct an instructional tasting event but shall not serve tastes of beer unless the beer and wine wholesaler also holds a beer manufacturer's license, an out-of-state beer manufacturer's certificate, or more than six distilled spirits wholesaler's licenses.

(C) No charge of any sort shall be made for the tastings. Except for the purposes of Section 23985, the serving of tastings shall not be deemed a sale of products pursuant to this division.

(D) A person under 21 years of age shall not serve wine, beer, or distilled spirits at the instructional tasting event.

(E) All tastes shall be served by an employee of the authorized licensee, the designated representative of the authorized licensee, or by an employee of the designated representative of the authorized licensee.

(F) An authorized licensee, or a designated representative of an authorized licensee, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the licenseholder at the original invoiced cost. An authorized licensee, or a designated representative of an authorized licensee, shall purchase beer to be tasted during the instructional tasting event from the licenseholder at the original invoiced cost.

(G) Any unused wine, beer, or distilled spirits remaining from the tasting shall be removed from the off-sale licensed premises by the authorized licensee or its designated representative.

(2) If the instructional tasting event is conducted by a designated representative of an authorized licensee, the designated representative shall not be owned, controlled, or employed directly or indirectly by the licenseholder on whose premises the instructional tasting event is held.

(3) An instructional tasting event shall be limited to a single type of alcoholic beverage. For purposes of this paragraph, "type of alcoholic beverage" means distilled spirits, wine, or beer.

(b) For purposes of this section:

(1) "Authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy

manufacturer, brandy importer, California brandy wholesaler, beer manufacturer, or an out-of-state beer manufacturer certificate holder. "Authorized licensee" shall not include an entity that solely holds a combination of a beer and wine wholesale license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or holds a limited off-sale retail wine license.

(2) "Licenseholder" means an off-sale retail licensee issued an instructional tasting license pursuant to Section 23396.6.

(3) "Location" means the total contiguous area encompassed by the off-sale and on-sale licenses.

(c) Notwithstanding subparagraph (E) of paragraph (1) of subdivision (a), a licenseholder may conduct an instructional tasting event that includes the serving of tastings only when an authorized licensee or its designated representative are unable to conduct an instructional tasting event previously advertised pursuant to this section and scheduled by the authorized licensee or its designated representative, provided that the licenseholder supplies the wine, beer, or distilled spirits used in the instructional tasting event and provides or pays for a person to serve the wine, beer, or distilled spirits. Instructional tasting events conducted by a licenseholder pursuant to this subdivision are subject to the provisions of this section and Section 23396.6.

(d) No more than one authorized licensee, or its designated representative, may conduct an instructional tasting event that includes the serving of tastes of wine, beer, or distilled spirits at any one individual licensed premises of a licenseholder per day.

(e) A licenseholder that also holds an on-sale beer and wine license, an on-sale beer and wine eating place license, or an on-sale general license shall not allow an authorized licensee, or its designated representative, to conduct an instructional tasting event on the same day and at the same location as any instructional tasting event held pursuant to subdivision (b) of Section 23386, Section 25503.4, subdivision (c) of Section 25503.5, or Section 25503.55.

(f) A licenseholder shall not condition the allowance of an instructional tasting event upon the use of a particular designated representative of an authorized licensee.

(g) (1) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the licenseholder upon whose premises the instructional tasting event will be held, may list in an advertisement to the general public the name and address of the licenseholder, the names of the alcoholic beverages being featured at the instructional tasting event, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(A) The advertisement does not contain the retail price of the alcoholic beverages.

(B) The listing of the licenseholder's name and address is the only reference to the licenseholder in the advertisement.

(2) Pictures or illustrations of the licenseholder's licensed premises and laudatory references to the licenseholder in these advertisements are not authorized. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.

(h) A licenseholder may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the licenseholder. Advertising permitted by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.

(i) Except as otherwise provided in this division or rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event that includes tastings of an alcoholic beverage.

(j) The licenseholder or the authorized licensee or its designated representative is authorized to perform setup and breakdown of the instructional tasting event area. The authorized licensee or its designated representative may provide, free of charge to the licenseholder, the equipment, materials, and utensils as may be required for use in connection with the instructional tasting event.

(k) (1) A licenseholder shall not require, or enter into a collusive scheme with, an authorized licensee or its designated representative to conduct one or more instructional tasting events as a condition of the licenseholder's carrying or continuing to carry a brand or brands of the authorized licensee or as a condition for display or other merchandising plan which is based on an agreement to provide shelf space. An authorized licensee or its designated representative shall not require any preferential treatment or benefit from, or enter into a collusive scheme with, a licenseholder as a condition of conducting one or more instructional tasting events, require a licenseholder to carry or continue to carry a brand or brands of the authorized licensee as a condition of conducting one or more instructional tasting events, or condition display or other merchandising plans that are based on agreements for the provision of shelf space on the conducting of one or more instructional tasting events. Any agreement, whether written or oral, entered into by and between a licenseholder and an authorized licensee or its designated representative that precludes the conducting of instructional tasting events on the premises of the licenseholder by any other authorized licensee is prohibited. A licenseholder or authorized licensee, or its designated representative, shall not use an instructional tasting event to circumvent any other requirements of this division.

(2) In addition to any other remedies available under this division, upon a finding by the department of a failure to comply with this subdivision, the department shall suspend the instructional tasting license of the licenseholder and the privilege of the authorized

licensee to conduct instructional events for not less than six months but for no more than one year.

(l) The Legislature finds that it is necessary and proper to require a separation between manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exception established by this section to the general prohibition against tied interests must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

SEC. 9.5.

Section 25503.56 of the Business and Professions Code is amended to read:

25503.56.

(a) An authorized licensee, or a designated representative of an authorized licensee acting as an agent of the authorized licensee, may conduct, on the area specified by paragraph (1) of subdivision (c) of Section 23396.6, an instructional tasting event for consumers on the subject of wine, beer, or distilled spirits, including, but not limited to, the history, nature, values, and characteristics of wine, beer, or distilled spirits, and the methods of presenting and serving wine, beer, or distilled spirits.

(1) (A) Except as provided in subparagraph (B), the instructional tasting event may include the serving of alcoholic beverages to an attendee of legal drinking age. An instructional tasting event on the subject of wine or distilled spirits shall be limited to not more than three tastings per person per day. A single tasting of distilled spirits shall not exceed one-fourth of one ounce and a single tasting of wine shall not exceed one ounce. An instructional tasting event on the subject of beer shall be limited to not more than the tasting of eight ounces of beer per person per day. The wine, beer, or distilled spirits tasted shall be limited to the products that are authorized to be sold by the authorized licensee and the licenseholder under its off-sale license.

(B) A beer and wine wholesaler may conduct an instructional tasting event but shall not serve tastes of beer unless the beer and wine wholesaler also holds a beer manufacturer's license, an out-of-state beer manufacturer's certificate, or more than six distilled spirits wholesaler's licenses.

(C) No charge of any sort shall be made for the tastings. Except for the purposes of Section 23985, the serving of tastings shall not be deemed a sale of products pursuant to this division.

(D) A person under 21 years of age shall not serve wine, beer, or distilled spirits at the instructional tasting event.

(E) All tastes shall be served by an employee of the authorized licensee, the designated representative of the authorized licensee, or by an employee of the designated representative of the authorized licensee.

(F) An authorized licensee, or a designated representative of an authorized licensee, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the licenseholder at the original invoiced cost. An authorized licensee, or a designated representative of an authorized licensee, shall purchase beer to be tasted during the instructional tasting event from the licenseholder at the original invoiced cost.

(G) Any unused wine, beer, or distilled spirits remaining from the tasting shall be removed from the off-sale licensed premises by the authorized licensee or its designated representative.

(2) If the instructional tasting event is conducted by a designated representative of an authorized licensee, the designated representative shall not be owned, controlled, or employed directly or indirectly by the licenseholder on whose premises the instructional tasting event is held.

(3) An instructional tasting event shall be limited to a single type of alcoholic beverage. For purposes of this paragraph, "type of alcoholic beverage" means distilled spirits, wine, or beer.

(b) For purposes of this section:

(1) "Authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, California brandy wholesaler, beer manufacturer, or an out-of-state beer manufacturer certificate holder. "Authorized licensee" shall not include an entity that solely holds a combination of a beer and wine wholesale license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or holds a limited off-sale retail wine license.

(2) "Licenseholder" means an off-sale retail licensee issued an instructional tasting license pursuant to Section 23396.6.

(3) "Location" means the total contiguous area encompassed by the off-sale and on-sale licenses.

(c) Notwithstanding subparagraph (E) of paragraph (1) of subdivision (a), a licenseholder may conduct an instructional tasting event that includes the serving of tastings only when an authorized licensee or its designated representative are unable to conduct an instructional tasting event previously advertised pursuant to this section and scheduled by

the authorized licensee or its designated representative, provided that the licenseholder supplies the wine, beer, or distilled spirits used in the instructional tasting event and provides or pays for a person to serve the wine, beer, or distilled spirits. Instructional tasting events conducted by a licenseholder pursuant to this subdivision are subject to the provisions of this section and Section 23396.6.

(d) No more than one authorized licensee, or its designated representative, may conduct an instructional tasting event that includes the serving of tastes of wine, beer, or distilled spirits at any one individual licensed premises of a licenseholder per day.

(e) A licenseholder that also holds an on-sale beer and wine license, an on-sale beer and wine eating place license, or an on-sale general license shall not allow an authorized licensee, or its designated representative, to conduct an instructional tasting event on the same day and at the same location as any instructional tasting event held pursuant to subdivision (b) of Section 23386, Section 25503.4, subdivision (c) of Section 25503.5, or Section 25503.55.

(f) A licenseholder shall not condition the allowance of an instructional tasting event upon the use of a particular designated representative of an authorized licensee.

(g) (1) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in his or her absolute discretion and with permission of the licenseholder upon whose premises the instructional tasting event will be held, may list in any advertisement to the general public for the instructional tasting event the name, address, telephone number, email address, Internet Web site address, and any other electronic media of the licenseholder, the names of the alcoholic beverages being featured at the instructional tasting event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(A) The advertisement does not contain the retail price of the alcoholic beverages.

(B) The listing of the licenseholder's name, address, telephone number, email address, Internet Web site address, and any other electronic media in the advertisement is relatively inconspicuous in relation to the advertisement as a whole.

(2) Laudatory references to the licenseholder in these advertisements are not authorized. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all the requirements of this section. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.

(h) A licenseholder may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the licenseholder. Advertising permitted

by this subdivision includes flyers, newspaper ads, Internet communications, and interior signage.

(i) Except as otherwise provided in this division or rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event that includes tastings of an alcoholic beverage.

(j) The licenseholder or the authorized licensee or its designated representative is authorized to perform setup and breakdown of the instructional tasting event area. The authorized licensee or its designated representative may provide, free of charge to the licenseholder, the equipment, materials, and utensils as may be required for use in connection with the instructional tasting event.

(k) (1) A licenseholder shall not require, or enter into a collusive scheme with, an authorized licensee or its designated representative to conduct one or more instructional tasting events as a condition of the licenseholder's carrying or continuing to carry a brand or brands of the authorized licensee or as a condition for display or other merchandising plan which is based on an agreement to provide shelf space. An authorized licensee or its designated representative shall not require any preferential treatment or benefit from, or enter into a collusive scheme with, a licenseholder as a condition of conducting one or more instructional tasting events, require a licenseholder to carry or continue to carry a brand or brands of the authorized licensee as a condition of conducting one or more instructional tasting events, or condition display or other merchandising plans that are based on agreements for the provision of shelf space on the conducting of one or more instructional tasting events. Any agreement, whether written or oral, entered into by and between a licenseholder and an authorized licensee or its designated representative that precludes the conducting of instructional tasting events on the premises of the licenseholder by any other authorized licensee is prohibited. A licenseholder or authorized licensee, or its designated representative, shall not use an instructional tasting event to circumvent any other requirements of this division.

(2) In addition to any other remedies available under this division, upon a finding by the department of a failure to comply with this subdivision, the department shall suspend the instructional tasting license of the licenseholder and the privilege of the authorized licensee to conduct instructional events for not less than six months but for no more than one year.

(l) The Legislature finds that it is necessary and proper to require a separation between manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exception established by this section to the general prohibition against tied interests must

be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

SEC. 10.

Section 25503.9 of the Business and Professions Code is amended to read:

25503.9.

(a) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a craft distiller, a distilled spirits manufacturer, rectifier, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or an importer general licensee from giving or selling beer, wine, or distilled spirits at prices other than those contained in schedules filed with the department, to any of the following:

(1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.

(3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701i, 23701k, 23701l, 23701r, or 23701w of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, or importer general licensee pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.

(b) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a craft distiller, distilled spirits manufacturer, rectifier, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or a beer and wine wholesaler that also holds an importer's license from giving or selling beer, wine, or distilled spirits at

prices other than those contained in schedules filed with the department, to any of the following:

(1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.

(3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701d, 23701e, 23701f, or 23701r of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, or licensed importer pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.

SEC. 10.5.

Section 25503.9 of the Business and Professions Code is amended to read:

25503.9.

(a) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a craft distiller, a distilled spirits manufacturer, rectifier, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or an importer general licensee from giving or selling beer, wine, or distilled spirits at prices other than those contained in schedules filed with the department, to any of the following:

(1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation

Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.

(3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701i, 23701k, 23701l, 23701r, or 23701w of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, or importer general licensee pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.

(b) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a craft distiller, distilled spirits manufacturer, rectifier, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or a beer and wine wholesaler that also holds an importer's license from giving or selling beer, wine, or distilled spirits at prices other than those contained in schedules filed with the department, to any of the following:

(1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.

(3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701d, 23701e, 23701f, or 23701r of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, or licensed importer pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.

(c) A nonprofit corporation, organization, or association that is authorized to purchase or accept donations of alcoholic beverages pursuant to this section, and that also holds a permanent retail license issued pursuant to this division, shall not use any alcoholic beverage so purchased or donated in the exercise of any privileges or business under its permanent retail license.

(d) A licensee authorized to donate or sell alcoholic beverages to a nonprofit corporation, organization, or association pursuant to this section, except for a beer and wine wholesaler that also holds an importer's license, may also provide services to and otherwise assist the corporation, organization, or association in connection with an event conducted under a temporary license issued by the department.

SEC. 11.

Section 9.5 of this bill incorporates amendments to Section 25503.56 of the Business and Professions Code proposed by both this bill and Assembly Bill 2452. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25503.56 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 2452, in which case Section 9 of this bill shall not become operative.

SEC. 12.

Section 10.5 of this bill incorporates amendments to Section 25503.9 of the Business and Professions Code proposed by both this bill and Assembly Bill 1986. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 25503.9 of the Business and Professions Code, and (3) this bill is enacted after Assembly Bill 1986, in which case Section 10 of this bill shall not become operative.

SEC. 13.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Senate Bill No. 1283 – (Bradford), Chapter 736, Statutes of 2018 - Brewpub-restaurant licensees: beer sales

An act to amend Section 23396.3 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill revises the definition of the brewpub-restaurant license to require that the licensed premises have a minimum 7-barrel commercial brewing system located permanently onsite, that is capable of producing at least 7 barrels of beer per brewing cycle. The bill increases the minimum amount to be manufactured by the licensee to 200 barrels. The bill requires that beer produced on the premises be offered for sale to consumers for consumption on or off the premises in a bona fide manner, as specified. The bill authorizes a brewpub-restaurant licensee to label, bottle, package, or refill any container with beer produced on the licensed premises, to sell beer produced by the licensee for consumption off the premises, as provided, and to donate or sell beer manufactured by the licensee to specified nonprofit organizations, as provided.

The bill exempts donated beer from inclusion in the calculation of minimum amounts of beer production required to be manufactured and sold for purposes of the brewpub-restaurant license. The bill limits the amount that specified brewpub-restaurant licenses may be sold or transferred for and would impose a limitation on the number of licenses that may be issued as of a specified date. The bill requires a license holder to maintain records to establish compliance with brewpub-restaurant license requirements, as specified. By expanding the definition of a crime, this bill imposes a state-mandated local program.

SECTION 1.

Section 23396.3 of the Business and Professions Code is amended to read:

23396.3.

(a) (1) A brewpub-restaurant license is a retail license which may be issued to a bona fide public eating place, as defined in Section 23038. The licensed premises shall have a minimum seven-barrel commercial brewing system located permanently onsite that is capable of producing at least seven barrels of beer per brewing cycle, and the licensee shall produce not less than 200 barrels nor more than 5,000 barrels of beer annually on the licensed premises. The license authorizes the sale of beer, wine, and distilled spirits for consumption on the premises, and the sale of beer produced by the brewpub-restaurant licensee for consumption on the premises. The license also authorizes the sale of beer produced by the licensed brewpub-restaurant licensee to a licensed beer and wine wholesaler, subject to the requirements of Chapter 12 (commencing with Section 25000). A brewpub-restaurant license does not authorize any of the following:

(A) The sale, furnishing, or exchange of any alcoholic beverages with any other brewpub-restaurant licensee, any licensed beer manufacturer regardless of any other licenses held by the licensed beer manufacturer, or any retail licensee in California.

(B) The sale, furnishing, or exchange of any beer produced on the licensed premises bearing the same trademark as any beer produced by a licensed beer manufacturer.

(C) A brewpub-restaurant licensee to engage a licensed beer manufacturer to produce beer for sale by the brewpub-restaurant licensee.

(2) Beer produced on the premises shall be offered for sale to consumers for consumption on the premises or off-premises in a bona fide manner. In determining whether the licensee is offering beer produced on the premises for sale in a bona fide manner, the department may consider, without limitation, whether, and the extent to which, the licensee actually sells beer manufactured on the licensed premises to consumers.

(b) A brewpub-restaurant licensee shall purchase all beer, wine, or distilled spirits for sale on the licensed premises from a licensed wholesaler or winegrower, except for the beer produced by the brewpub-restaurant licensee on the licensed premises.

(c) Notwithstanding any other law, a brewpub-restaurant licensee may label, bottle, package, or refill any container with beer produced on the licensed premises and may, at the licensed premises, sell beer produced and packaged by the licensee to consumers for consumption off the premises.

(d) A brewpub-restaurant licensee may donate or sell beer produced by the licensee to a nonprofit charitable corporation or association or a nonprofit incorporated trade association pursuant to subdivisions (a) and (b) of Section 25503.9, provided that beer donated pursuant to this section shall not count in the calculation of minimum amounts of beer required to be manufactured and sold pursuant to subdivision (a).

(e) A brewpub-restaurant licensee shall offer for sale on the licensed premises canned, bottled, or draft beer commercially available from licensed wholesalers.

(f) (1) The fee for an original brewpub-restaurant license shall be the same as that specified in Section 23954.5 for an original on-sale general license.

(2) The annual license fee for a brewpub-restaurant license shall be the same as that for an on-sale general license.

(g) An existing brewpub-restaurant license or a brewpub license issued pursuant to an application filed with the department prior to December 31, 2019, shall not be sold or transferred for a price greater than the original license fee paid by the seller or transferor.

(h) (1) The limitations provided in Section 23816 on the number of licensed premises shall not apply to a brewpub-restaurant license application submitted to the department prior to December 31, 2019.

(2) The limitations provided in Section 23816 on the number of licensed premises shall apply to a brewpub-restaurant license application submitted to the department on or after December 31, 2019.

(i) The licensee shall maintain records on a monthly or quarterly basis that are adequate to establish compliance with this section and to enable the department to identify which beer sold by a licensee was produced on the premises in order to establish the licensee's compliance with subdivisions (a) and (b). These records shall be maintained for a period of at least three years and shall be provided to the department within 30 days of receipt of the department's written request.

SEC. 2.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Senate Bill No. 1503 - (Senate Committee on Governmental Organization), Chapter 362, Statutes of 2018 - Alcoholic beverages: licensees

An act to amend Sections 23800 and 23803 of the Business and Professions Code, relating to alcoholic beverages.

Summary of Code Section Changes - This bill authorizes the department to place reasonable conditions upon retail licensees, or upon any licensee in the exercise of retail privileges, at the time any physical changes or alterations are made to the licensed premises, subject to approval by the department, that materially or substantially alter the premises or the usage of the premises from the plan contained in the diagram of licensed premises on file with the license application. The bill provides that, for purposes of the removal or modification of conditions, a situation in which the "grounds that caused the imposition of the condition no longer exist" includes, but is not limited to, the situation in which there have been substantial changes in the totality of circumstances such that the department determines that the current circumstances reasonably justify the modification or removal of the conditions.

SECTION 1.

Section 23800 of the Business and Professions Code is amended to read:

23800.

The department may place reasonable conditions upon retail licensees or upon any licensee in the exercise of retail privileges in the following situations:

(a) If grounds exist for the denial of an application for a license or where a protest against the issuance of a license is filed and if the department finds that those grounds may be removed by the imposition of those conditions.

(b) Where findings are made by the department which would justify a suspension or revocation of a license, and where the imposition of a condition is reasonably related to those findings. In the case of a suspension, the conditions may be in lieu of or in addition to the suspension.

(c) Where the department issues an order suspending or revoking only a portion of the privileges to be exercised under the license.

(d) Where findings are made by the department that the licensee has failed to correct objectionable conditions within a reasonable time after receipt of notice to make corrections given pursuant to subdivision (e) of Section 24200, or subdivision (a) or (b) of Section 24200.1.

(e) (1) At the time of transfer of a license pursuant to Section 24070, 24071.1, or 24071.2, and upon written notice to the licensee, the department may adopt conditions that the department determines are reasonable pursuant to its investigation or that are requested by the local governing body, or its designated subordinate officer or agency, in whose jurisdiction the license is located. The request for conditions shall be supported by substantial evidence that the problems either on the premises or in the immediate vicinity identified by the local governing body or its designated subordinate officer or agency will be mitigated by the conditions. Upon receipt of the request for conditions, the department shall either adopt the conditions requested or notify the local governing body, or its designated subordinate officer or agency, in writing of its determination that there is not substantial evidence that the problem exists or that the conditions would not mitigate the problems identified. The department may adopt conditions only when the request is filed. Any request for conditions from the local governing body or its designated subordinate officer or agency pursuant to this provision shall be filed with the department within the time authorized for a local law enforcement agency to file a protest or proposed conditions pursuant to Section 23987.

(2) If the license to be transferred subject to paragraph (1) is located in an area of undue concentration as defined in Section 23958.4, the period within which the local governing body or its designated subordinate officer or agency may submit a written request for conditions shall be 40 days after the mailing of the notices required by Section 23987. For purposes of this provision only, undue concentration shall be established when the requirements of both paragraph (1) of subdivision (a) and either paragraph (2) or paragraph (3) of subdivision (a) of Section 23958.4 exist. Pursuant to Section 23987, the

department may extend the 40-day period for a period not to exceed an additional 20 days upon the written request of any local law enforcement agency or local government entity with jurisdiction. Nothing in this paragraph is intended to reduce the burden of the local governing body or its designated subordinate officer or agency to support any request for conditions as required by paragraph (1). Notwithstanding Section 23987, the department may not transfer any license subject to this paragraph until after the time period permitted to request conditions as specified in this paragraph.

(f) At the time of a transfer of a license pursuant to Article 5 (commencing with Section 24070) of Chapter 6.

(g) At the time any physical changes or alterations are made to the licensed premises, subject to approval by the department, that materially or substantially alter the premises or the usage of the premises from the plan contained in the diagram of licensed premises on file with the license application.

SEC. 2.

Section 23803 of the Business and Professions Code is amended to read:

23803.

(a) The department, upon its own motion or upon the petition of a licensee or a transferee who has filed an application for the transfer of the license, if it is satisfied that the grounds that caused the imposition of the conditions no longer exist, shall order their removal or modification, provided written notice is given to the local governing body of the area in which the premises are located. The local governing body has 30 days to file written objections to the removal or modification of any condition. The department may not remove or modify any condition to which an objection has been filed without holding a hearing as provided in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(b) For purposes of this section, a situation in which the “grounds that caused the imposition of the conditions no longer exist” includes, but is not limited to, the situation in which there have been substantial changes in the totality of circumstances such that the department determines that the current circumstances reasonably justify the modification or removal of the conditions.

(c) Any petition for the removal or modification of a condition pursuant to this section shall be accompanied by a fee of one hundred dollars (\$100).